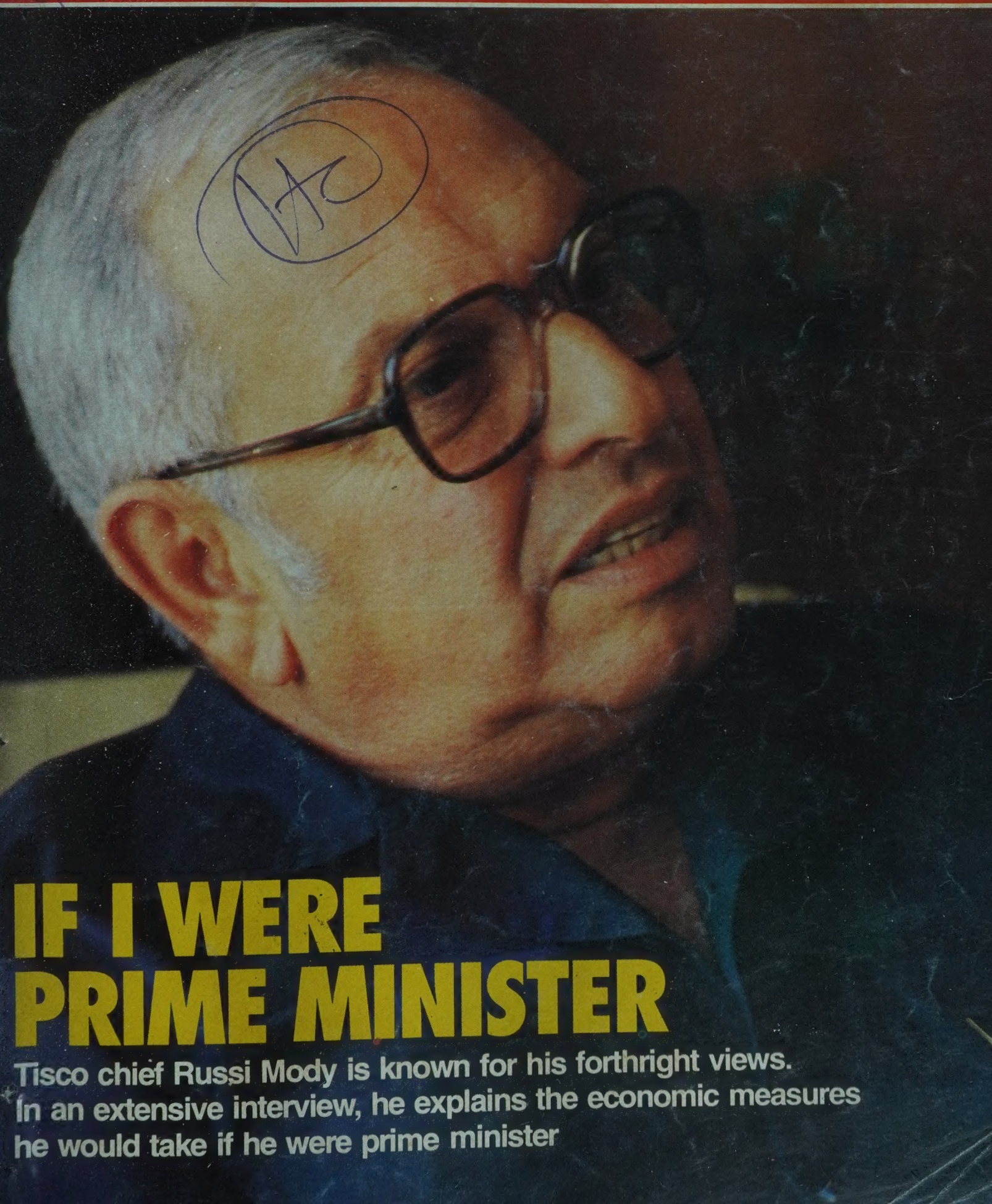
31 JULY-
13 AUGUST 1991,
AN ANANDA BAZAR
PUBLICATION RS 8.

PEICO: THE PICTURE BRIGHTENS

BusinessWorld

THE MAGAZINE FOR INDIAN BUSINESS



IF I WERE PRIME MINISTER

Tisco chief Russi Mody is known for his forthright views. In an extensive interview, he explains the economic measures he would take if he were prime minister



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TITAN
QUARTZ

The Changing Face Of Time

Ogilvy & Mather 3239 R

* Prices Valid upto 5th July, 1991 inclusive of all levies in West Bengal

BusinessWorld

the magazine for indian business

VOLUME 11 ISSUE 9
31 JULY-13 AUGUST 1991 RS 8

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Circulation/Subscription enquiries
81 Modi Street, 2nd floor,
Fort, Bombay 400 001
Phone: 2610268
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London
Wheatsheaf House, Carmelite Street
Fleet Street, London EC4
Phone: 01-353-1821
Inland Subscription Rates
One Year: Rs 131
Two Years: Rs 262
Three Years: Rs 393

BusinessWorld does not accept responsibility for returning unsolicited manuscripts and photographs.

Printed by Ranen Chakravarti at Tata Press Ltd, 414, Veer Savarkar Marg, Bombay-400 025 and published by Ranen Chakravarti on behalf of Ananda Bazar Patrika Ltd from 145 Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400 021.

BUSINESS QUOTES



I have never felt apologetic about this step (the selling of 20 tonnes of confiscated gold). If this gold was there for a rainy day, then we used it on a day when it was pouring.

Former finance minister Yashwant Sinha, quoted in The Sunday Observer.

To pretend that it is a perfectly normal thing to do under the current circumstances is to hoodwink ourselves and make a virtue of what is fundamentally incorrect.

Former RBI governor I.G. Patel on the transfer of gold from Central reserves to the Bank of England, quoted in The Independent.

I'm always there to solve the problems... My doors are always open. We must not become nervous nellies. We must become hard-boiled businessmen and traders.

Commerce minister P. Chidambaram, quoted in Sunday.

We are already a market economy where government regulates a greater deal, where (the) public sector is very important.

Finance minister Manmohan Singh in an interview to the Voice of America, quoted in The Economic Times.

The IMF (International Monetary Fund) is like any other bank which will ask you a lot of questions because it wants to assess your creditworthiness. But you don't allow them to dictate you in your domestic policies.

Former finance minister Madhu Dandavate, quoted in The Independent.

I'm not in the game for new projects, new acquisitions any more. I want to stop now.

UB group chairman Vijay Mallya, quoted in The Economic Times.

According to reliable sources, the (Carysil) campaign actually sold 13 sinks. The cost? Around Rs 25 lakh. Approximately what you'd pay for a Ferrari.

Enterprise Advertising chief executive Mohammed Khan, quoted in Sunday Mid-Day.

Busines

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MANAGEMENT

LEARNING THROUGH ADVENTURE

Mountain-climbing, kayaking and going out into the wilds. Managements in the US are increasingly using the great outdoors to instil managerial skills in employees.

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A&M/SPECIAL REPORT

RUGS TO RICHES

From a no-name to international dhurrie king,



AHUJA: *Flying high*

Shyam Ahuja has indeed come a long way. The secret of his success: an innovative marketing mix.



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BUSINESS FEATURE

"IF I WERE PRIME MINISTER"

Tisco chief Russi Mody is well-known for his outspoken views; he has never been afraid to call a spade a spade. As an ardent advocate of liberalisation, he sees some glimmerings of hope in the current changes that are taking place. But he still feels they are not enough. In an extensive interview, Mody outlines his recipe for economic recovery — what he would do if he were prime minister.

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SPECTRUM

MISSING THE BOAT?

The shipping industry is experiencing boom times these days. But in India, thanks to lopsided policies and lack of pro-active steps, not everyone is going full steam ahead. Will the industry miss the boat again?

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SPOTLIGHT

ETHICS IN BUSINESS

Does it pay to be ethical in business? Are honesty and fairplay forgotten qualities in the corporate jungle? Two premier management institutes in India have recently started courses in business ethics. It seems to prove that ethics does matter and is of growing importance.

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GUEST COLUMN

MUCH MORE REQUIRED



SAGAR: *Wanting faster change*

DCM Data Products CEO Veer Sagar welcomes the liberalisation as far as the information technology industry goes. But he thinks that the bureaucratic shackles have to be broken once and for all if concrete progress is to be made.

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ECONOMY & BUSINESS

A TOUGH DRIVE AHEAD

Export promotion has moved to the top of the economic agenda. But, after years of sloth, it is going to be no easy task.



5 AUG 1991
G. P. T. B. I., MYSORE

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EXECUTIVE CAREERPATH

CORPORATE ROMANCING

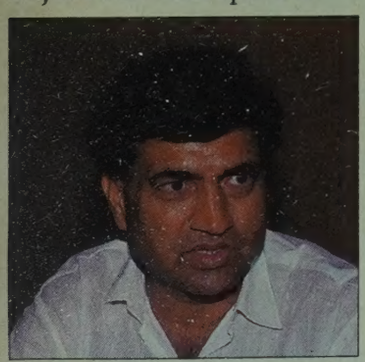
Love in the office has become a common phenomenon. As long as the individuals involved have their priorities spelt out clearly, there should be few problems.

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INTERVIEW

"WE HAVE TO KEEP PACE"

The new minister of state for communications Rajesh Pilot has quite a



PILOT: *Tough job ahead*

job on his hands. While he's not for total privatisation, Pilot welcomes competition between the public and private sectors.

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CORPORATE INSIGHT

PEICO: THE PICTURE BRIGHTENS

Peico Electricals & Electronics, better known as Philips India, has turned in a creditable performance.



BERGVELT: *Stepping down in style*

Vice-chairman & managing director Jan Bergvelt, who hands over charge soon, has accomplished what he set out to do. But his successor has no bed of roses.

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IN THE NEWS

GROWING TENTACLES

It already has a well-spread out range of activities. Nevertheless, G.P. Goenka's Duncans



GOENKA: *Fresh fields to conquer*

group is moving into newer areas.

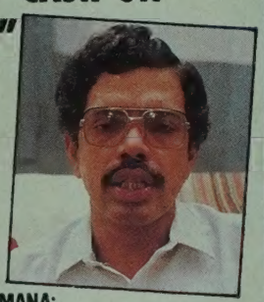
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VIEWPOINT

"KEEP CASH ON HAND"



VENKATRAMANA: *Keep off the market*

That's the advice Madras-based broker J. Venkatramana has for investors in a pre-Union budget interview. He asks them to return to the market in October.

65

COMPANY NEWS

INDAL: HOPING FOR BETTER TIMES

Indian Aluminium Co (Indal) has had a disappointing year. But managing director Tapan Mitra is confident that the stage is set for a great leap forward.

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OFFSTAGE ▪ PAGE 112

It was a one-branch bank with aspirations to set up another. But its hopes seem to have been shattered. The Indian operations of the Cayman Islands-based Bank of Credit & Commerce International (BCCI) ground to a halt early July. The reason: a wholesale fraud unearthed abroad.

On 5 July, more than half-a-dozen countries in which BCCI operates on a large scale decided to freeze all the assets of the bank. This provoked other countries where BCCI operates to sit up and take notice. On home turf, the Reserve Bank of India too toed the line and froze the assets of the Bombay BCCI branch on 6 July. This move was ostensibly taken to prevent the bank from transferring its assets to other branches.



BCCI IN BOMBAY & PARANDE (INSET): *Mum's the word*

The freeze sent shivers down the spines of the 6,000-odd clients banking with BCCI. The bank's deposits stand at Rs 381 crore and total assets at Rs 525.48 crore. In mid-July, the RBI appointed the State Bank of India (SBI) as the official liquidator, with SBI Caps executive director S.M. Parande to head the operation.

Good job. But what's Parande's plan of action? Mum's the word except for a passing statement. Says he: "I'm in the process of examining the bank's books." Will he be bringing culprits to book soon?

Skypak president Dilip Kulkarni has flown into rough weather. Four years after he stopped the night air mail service (Nams) for his courier operations on Vayudoot, the civil aviation authorities are reportedly pointing fingers at him. They claim that Kulkarni took Vayudoot on a merry ride on the Nams deal, causing losses to the airline.

Kulkarni is, however, unperturbed by this flak. Says he: "I suffered a loss of Skypak's image on account of Vayudoot's inefficiency in meeting its full obligation on Nams. Often, one leg of the four-sector grid would be non-functional, sending our delivery schedules into total chaos. That's why I withdrew Nams after six months of problem-ridden operation."

Kulkarni also waves aside the charge that under the Nam contract he should have used only Dornier aircraft and not the costlier Fokkers and Avros which he did, but never paid the cost difference. Says he: "True, my agreement with Vayudoot was only for a Dornier, but if a Fokker or Avro is made available to me, then that's not my fault. I was concerned with service not the aircraft."

That's an argument that surely packs punch. Will Kulkarni and Skypak fly into clearer skies?

KULKARNI: *Waving aside charges*



Chairman of the Industrial Development Bank of India (IDBI) S.S. Nadkarni is not resting on his laurels. With the Small Industries Development Bank of India (Sidbi) — a wholly-owned subsidiary of IDBI — registering a good showing in its first year of operations, Nadkarni has major plans lined up to provide a fillip to small-scale industries (SSIs) and tiny units. Says he: "We plan to set up an economic research unit for the small-scale sector soon."

For the present, Sidbi has enhanced the credit limit available under its two schemes — single-window scheme (SWS) and the national equity fund scheme (NEFS) — to SSI and tiny units.

Besides, the bank is also promoting factoring services for SSI outfits. Says Nadkarni: "We have identified nodal banks in various zones to promote factoring." In the western zone, it is SBI Factors, in which Sidbi has a 20% stake. In the south, it is Canara Bank, and the bank identified for the north zone is Punjab National Bank.

As for Sidbi's working results in 1990-91, total sanctions aggregated Rs 2,824 crore and disbursements Rs 2,254 crore. The bottomline too looked good at Rs 35 crore. Nadkarni is hoping the just-concluded fine-tuning of Sidbi's schemes will help profits cut an ever finer figure this year.

NADKARNI: *Fine-tuning time*



AN ONEROUS TASK

It is clearly perceptible by now that change — indeed, explosive change — is in store for India during the first 100 days of the Narasimha Rao administration. Several sweeping structural reforms have been initiated; more are on the anvil. In a down-to-earth broadcast to the nation not long ago, the prime minister explained convincingly the whys and wherefores of decontrol, deregulation and liberalisation.

Quite frankly, he has Hobson's choice. And given the imperatives, the Union government deserves the strongest possible support from the intelligentsia to see these reforms safely through to their logical conclusion. The task facing the government and the nation is not an easy one, for it involves the assiduous and urgent dismantling of a whole host of barriers, boundaries, roadblocks and impediments.



As a man possessing the rare twin attributes of erudition and pragmatism, Narasimha Rao cannot but be aware of the hurdles ahead. His biggest disadvantage, clearly, is that while he is committed to dismantling the system, he can only do so through the system itself: an inherent contradiction. This is precisely why the prime minister and his well-meaning colleagues need all the support they can get.

Economic revival is a simple matter of hard work, not of semantics or politicking

For many years, people have been shrewdly 'investing' in the control-laden system, mastering its byzantine intricacies to ensure that discretion, as and when exercised, is duly loaded in their favour. Let us face it: many businessmen, big and small, have been playing at this game. This is what the politician-bureaucrat-businessman nexus is all about. The time has finally come to destroy this nexus once and for all by wiping out its very cause.

For the destruction to be total and final, it is of utmost importance to ensure three things. First, liberalisation must be total. Secondly, our laws must be made fairly, squarely and uniformly applicable to all without exception. And thirdly, the marketplace must be made the rightful arbiter of individual, entrepreneurial and corporate destinies.

Fortunately, the new administration has made a bold, new beginning. It takes not a little courage to own up past inadequacies and learn from past mistakes. Let us not embarrass the prime minister in this hour of economic crisis by harping too much on the bygone days. For surely, if India is on a rollercoaster ride to disaster, the ultimate blame lies collectively on the citizenry for allowing such a crisis to develop.

By the same token, all of us must now collectively strive towards retrieving the situation. If the country needs loans, its citizens must accept the onus of striving to create more wealth so that all debt obligations can be honoured. Economic revival is a simple matter of hard work, not of semantics or politicking. Freedom to work is what liberalisation is all about — and if we do not capture this freedom now, it might be never.

LETTERS TO THE EDITOR



MISMANAGEMENT?

This is with reference to the Business Feature 'Mr Gamble' (*BW* 19 June-2 July 1991). I am a shareholder of Sree Meenakshi Mills, a unit managed and controlled by Sanjay Dalmia, for the past two decades. I have not received a single paisa as dividend since then, despite several textile booms.

Is this how Sanjay Dalmia manages his group of companies?

K. R. Meenakshisundaram
Madras

IT'S AMUL

This refers to the Business Feature 'Mr Gamble.' It has been mentioned that Nestle's Lactogen and Everyday brands are the leaders in their respective fields.

The real leader in the milk powder market is the Amul brand of products — Amulspray, Amulya and Sagar. Amul is also the pioneer in making milk powders from buffalo milk and its products are being marketed by a professional outfit under the cooperative fold.

Vipul Mittal
Gujarat Cooperative Milk Marketing Federation
Jaipur

MONEY MATTERS

The Spotlight 'The MNCs fight back' (*BW* 19 June-2 July) sent shivers down my spine. Are the foreigners coming back to India with a vengeance through the backdoor after 44 years of independence?

It is not their superior managerial skills, their much vaunted high-quality products or even their R&D spending and innovativeness that enable them to 'kill' Indian enterprise; it is their sheer money power!

With the policy of liberalisation initiated by Rajiv Gandhi, the age of screwdriver technology started in India. Technology transfer never took place; instead imports shot up and foreign exchange reserves started dwindling, leading to the sorry mess we are in today.

Satyabrata Banerji
Calcutta

LACKING SKILLS

This refers to the Spotlight 'The MNCs fight back.' The success of the MNCs in India is largely due to their organisational skills. Indian entrepreneurs have failed miserably in this respect.

Manish Joshi
Pune

STEP IN PROFESSIONALS!

This is with reference to the Spotlight 'The MNCs fight back.' An important factor in their success is the Indian manager, who is now playing an important role in their fightback.

The Business Feature on Sanjay Dalmia 'Mr Gamble' in the same issue was very informative. It augurs well for professional managers that traditional businessmen are realising the utility of professionals. Dalmia has ventured into areas where traditional businessmen would hesitate to step into.

Anil Shetty
Karnataka

TEAMWORK ET AL

The Strategy article on Marico 'Oiling the wheels' (*BW* 19 June-2 July) was presented in an interesting and readable manner. However, the article gives the impression that everything was done by me personally and that all this was achieved in a short period of about a year. This is not the case.

Work on most of the issues highlighted in the article had begun a few years ago, though, it is fair to state that it gathered momentum through the past year. The generation of ideas, the enthusiasm and the commitment to change essentially came from people within the organisation. My role as CEO has only been to provide support, consistency and direction. Contributions have also been forthcoming from management consultants M.B. Athreya and H.F. Mulla in helping us conceive and create the organisational culture we wanted to build.

Harsh Mariwala
Chief executive
Marico Industries
Bombay

NO MORE DYNASTY

The Strategy article 'Oiling the wheels' on Marico made interesting reading. Its transition from a traditional family-managed company to a professionally-managed one deserves praise.

Satish Agrawal
Cuttack

PRINTER'S DEVIL

My attention has just been drawn to the Offstage piece 'A new Remington' (*BW* 19 July-2 June). While it was certainly gratifying to be described as a 'hotshot' marketer — even if the appellation is undeserved — I must point out an inaccuracy in the subsequent part of the item, which goes on to say that I would join Remington after resigning from Rallis. I must point out that I have never been associated with Rallis in any capacity.

K.K. Mazumdar
President
Remington Rand of India
Calcutta

The printer's devil was obviously at work at its most malefic. Mazumdar left Inarco to join Remington. We stand corrected.— Editor

AMUL PRODUCTS: *The real leaders?*



GOING BACK?

This has reference to the Editorial 'Going against the book' (*BW* 19 June-2 July). The imposition of stringent margin money requirements on books clearly indicates the warped priorities of the powers-that-be.

Books are the lifeblood of a country. This measure will not only lead to intellectual stagnation but take the country back to the dark ages.

Atul Parekh
Ahmedabad

IT'S K.B.S.

BusinessWorld is one of India's best magazines and I am a regular reader of the same. However, in the News Briefs (Company News & Events, *BW* 19 June-2 July) K.B.S. Dhingra has bought the 6% stake in Berger Paints and not S.K. Dhingra.

R.K. Sood
Saibaba Tubewells
New Delhi

The error is regretted.— Editor

CALL FOR A CHANGE?

The Economy & Business article 'An open-door policy' (*BW* 19 June-2 July) sounds surreal in the Indian context. It does not take into account the workers' ethos and the level of unionisation. Today, the corporate scene is one of confrontation, with unions fighting a battle against retrenchment, layoffs and wage cuts.

In this atmosphere, the chance of camaraderie between managers and workers is highly unlikely. Therefore, it may not at all be that easy to use workers' involvement as a management tool, as advocated. However, there are exceptions in the form of companies which plan their strategies in consultation with the unions and are phenomenally successful in achieving their corporate objectives.

J. Dey
Bombay



THE TATA 608 (L) & EICHER'S CANTER: *The actual competitors*

WRONG COMPARISON

This has reference to the Spotlight 'Eicher steps on the gas' (*BW* 22 May-4 June). I wish to thank *BusinessWorld* for the excellent and comprehensive coverage of the Eicher group and its plans.

With particular reference to Eicher Motors, however, I would like to point out that:

- While the Tata 407 has been doing quite well in the market, the actual competitor to Eicher's Canter LCV in the Tata range is the Tata 608, in terms of payload and gross vehicle weight (GVW). A more realistic price comparison would be within the 6 tonne GVW class (Eicher's Canter) at Rs 2.96 lakh as against Rs 2.56 lakh for the Tata 608.
- Similarly, the article compares Canter's growth with that of the Tata 407, whereas the actual comparison should be with the Tata 608.

Within the 6 tonne GVW LCV segment, the Canter has been the market leader since 1988.

S. Ganapathy
Deputy general manager (marketing)
Eicher Motors
New Delhi

MATTER OF TASTE

Apropos the Strategy article 'Hooked on humour' (*BW* 5-18 June), it is quite surprising that it missed out what is perhaps one of the most communicative and funny ads on television. I am referring to the series of ads on Maggi ketchup: the "Lilly don't be silly" series. I don't think there is anybody who didn't notice the ad.

And what about the Godrej Shaving Cream ad?

Ajit Gurnani
Ranchi

THE FINANCE EDGE

Finance companies are now increasingly finding favour with investors looking for good returns on securities. Recently, financial analysts and investment experts have watched the performance of a group of companies and come to the conclusion that investment in finance companies is not only safe but also yields a higher return and appreciation. This is particularly so after the Finance Act of 1990-91.

Why are finance companies favoured by investors? The reasons are many. Some of them are:

- Manufacturing companies are dependent on a number of external factors which are beyond the control of management like government policies on licensing and international trade. Finance companies, on the other hand, have no problems on this score. Their fortunes are dependent only on the quality of management — the ability of financial wizards to turn new ideas into money.
- Compared to manufacturing companies, the risks of finance companies are very widely spread out. As a result, even if a few companies default in their commitments, their is no significant loss.

Most of the well-managed finance companies are doing well and a large number of them are offering 14% interest per annum on deposits and handsome dividends on equity. Anyone smart enough to invest in these companies will be rewarded in terms of security, liquidity, good returns and capital appreciation.

K.K. Bajaj
New Delhi

The EXIM Bank Casebook

How PRICOL Zeroed In On An Export Niche

In the early 80s, when the Indian automobile industry opened up to Japanese technology, PRICOL was one of the first to upgrade its plant. The company entered into a collaboration with a Japanese firm, and developed a new range of dashboard instruments.

Now PRICOL could reach out for new markets. But, instead of satisfying itself with relatively easy markets, it took a strategic decision to target hard-currency nations.

Seeking out a niche

While many Indian engineering exporters cater to replacement part markets, PRICOL chose to build on its strengths as an OEM supplier.

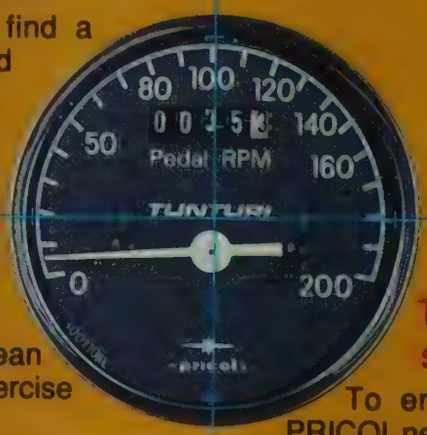
The company could have aimed at the high-volume, price-sensitive automotive markets, where it would have been one among many vendors.

Instead, PRICOL chose to find a position from which it could dominate.

Hitting the target

In just two years, PRICOL achieved an annual export turnover exceeding Rs 1 crore.

Now, with an assured market in Europe, PRICOL is reaching out for bigger game: the truck and heavy vehicle builders of the USA.



Zeroing in

PRICOL zeroed in on European manufacturers of boats and exercise cycles.

Each of these required custom instrumentation. And the volumes they demanded did not call for major increases in PRICOL's production capacity.

PRICOL had found its special position.

The right kind of support

To enter these difficult markets, PRICOL need to develop special products for each customer — an activity where conventional financing sources are of limited help.

And an area in which EXIM Bank's presence made a real difference.

Export-Import Bank of India

We help build export successes

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* Tower 1, 8th Floor, Jeevan Bharati Building, 124 Connaught Circus, New Delhi 110 001
* 5A-5B Park Plaza, 71 Park Street, Calcutta 700 016
* UTI House, 29 Rajaji Salai, Madras 600 001

THE PF QUESTION

H.P. RANINA



The deductibility of income tax according to provident fund (PF) contributions is generally believed to be governed by s.36(1)(iv) of the Income-Tax Act, 1961. In other words, if the PF fulfils the condition laid down in this section namely that it is recognised or approved, deductibility is ensured.

In a recent case of the Bombay high court in *CIT vs Western India Paper & Board Mills* (189 *ITR* 309), the court considered deductibility where contribution was made to a PF which did not fulfil the condition of s.36(1)(iv). In this case, the assessee was a company. It had been deducting certain amounts from the salaries paid to the managing directors (MDs) on account of PF and had also been making its own contribution towards the same for quite some time.

The proceedings pertained to the company's assessment for the year 1972-73. The salary was Rs 3,000 per month and the amount paid by the assessee towards the PF account in respect of the salaries paid to the MD was Rs 13,755. This had been so for a number of years.

The question of whether the amount paid towards PF as the assessee's contribution in respect of the salary paid to the MD was or was not an allowance under s.36(1)(iv) came up for consideration before the Bombay high court in the assessee's own case for the assessment years 1964-65 to 1967-68. By its judgement dated 1 February 1982, *Western India Paper & Board Mills vs CIT* (137 *ITR* 525) the court held that, in the absence of material on record to show that the MDs had become members of the PF by making necessary applications as required by the rules, it was not possible to accept that they were or could be members of the PF.

Accordingly, it was held that the assessee was not entitled to deduction in respect of the amount paid by it towards PF as its contribution. While holding so, the court kept the question of allowance of the claim under s.37 open by some of its observations.

When this question came up for consideration before the tribunal in the appeal for the assessment year 1969-70, it considered the question of the assessee's claim for deduction not only under s.36(1)(iv) but also under s.37. As regards the claim under s.37, the tribunal observed that the amount of the assessee's contribution could be taken as a benefit to the MDs.

This kind of benefit was commonly conferred in terms of the service conditions of private employers and even of the government where pensionary benefits did not apply. Thus, there was nothing unreasonable about the kind of benefit that was given to the MDs. The tribunal stated it was satisfied that the payment had been made out of considerations of commercial expediency and was, therefore, allowable. In the three subsequent assessment years, the tribunal followed its earlier orders. Though its order for the year under reference was brief, it had to be taken to be on the basis of the reasons given by it in the appeal for 1969-70.

Though the reference arising out of the tribunal's order for the assessment year 1970-71 had come up before the Bombay high court, both counsels had then agreed that the issue was covered by the court's decision in the assessee's earlier-mentioned case (137 *ITR* 525), and the question was answered against the assessee. However, the second aspect of the question — whether the assessee could be entitled to deduction under s.37 — was not brought to the notice of the court in the reference for the assessment year 1970-71. Therefore, the judgement for that year could not bind the court to the extent of the claim under s.37.

The court was inclined to accept the assessee's contention that the latter's claim under s.37 required to be considered in view of the fact that the question was specifically left open by the court in the Western India case (137 *ITR* 525). And, also because, in the judgement for the assessment year 1970-71, this question was not brought to the notice of the court. As far as the question of allowance of the claim under s.36(1)(iv) was concerned, the Bombay high court's judgement in this case was binding on it, following which it held that the assessee's claim under s.36(1)(iv) was rejected rightly.

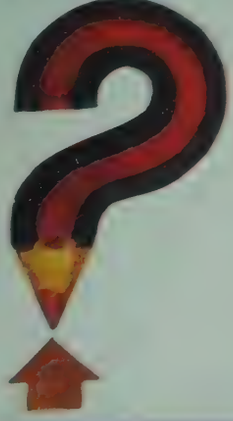
However, so far as the claim under s.37 was concerned, the court found itself in agreement with the tribunal. If the assessee's contribution towards PF in respect of salaries paid to the MDs was not to be treated as PF contributions, it had to be treated as some kind of additional payment.

The pertinent question, therefore, would be whether such a payment, which would include salaries as well as the contributions towards PF was a business expenditure. In view of the tribunal's observations, with which the court was in agreement, it had no difficulty in holding that the payments made were exclusively for the purposes of the assessee's business. It, therefore represented an allowable deduction.

Needless to add, this decision treads on a very interesting path which, of course, will be hotly contested by the income-tax department.

• *The author is a Bombay-based advocate*

Even though PF contributions may not qualify as such under IT rules, they can still be tax-exempt under certain circumstances



LEARNING THROUGH ADVENTURE

SUGATO LAHIRY



The marketing director is standing on the wall. In a dark blue tracksuit and a pair of trekking shoes, a crash helmet on his head, his eyes blindfolded — the familiar figure looks extremely unreal and alien. Inwardly he is trying to fight back the numbness that is slowly overtaking him at the thought of the impending leap. In a few seconds he is to take a backward leap from the six-foot high wall into the outstretched arms of his teammates, standing below. And he discovers, with a shock, that even after all these years of working together he cannot trust them.

The divisional sales team is only halfway through its task and has already learned a few lessons. The task — crossing a wild scenic river in rafts (to be pieced together by the team itself), locating the injured survivor of an imaginary plane crash and then bringing him across the river for necessary medical care — seemed formidable at first. But now, half of the task successfully accomplished, the remaining part does not appear to be so outrageously impossible after all. The team, therefore, goes about planning the transport of the injured survivor across the river. Certain team rules have changed in the meantime — even the wildest of ideas are not shot down before giving them due consideration and views offered by team members are judged by their merit rather than the hierarchical position of the persons that they came from.

The latest executive training technique that is the rage in corporate America is adventure learning. It involves strenuous activities like kayaking, but helps executives develop a visceral vision

The two scenarios described above are not works of fantasy; they are a part of the latest instructional methodology of executive training that has taken corporate America by storm. Already a — $100 million industry and serving roughly 14% of corporate America, outdoor experimental training, popularly known as adventure learning, takes managers away from their sedentary office routines to the vast countryside for activities ranging from canyon crossing and rock climbing to kayaking and extended camping trips in the wilderness, with an aim to help them develop a 'visceral vision.'

Adventure learning includes a variety of outdoor activities. These fall under two broad categories — the 'rope courses' (canyon crossing, rope walking and polevaulting) and the 'group adventure courses' (sailing, backpacking and rescue missions) — that are employed to address group-centred issues like problem-solving, leadership, teamwork and communication on the one hand and personal growth issues like risk-taking, stress-handling, self-awareness and peer trust on the other.

Like sensitivity training, adventure learning also dates back to World War II and is an outgrowth of the first adventure-based education programme started at a school, named 'Outward Bound,' on the coast of Wales. The programme, which originally offered a month-long course in seamanship and survival skills aimed at 'strengthening an individual both physically and spiritually,' took almost 45 years to metamorphose itself into its current shape. It is only during the last five years that it has secured a firm grip on the corporate clientele. And now at last adventure learning is about to make inroads into India.

Adventure learning is not a mere romp in the woods or swinging through the trees, as a casual look at it might perhaps suggest. Nor would it be right to discard it lightly as one of those mindless fads that the crazy Americans are forever coming up with. It is founded on the basic tenets of experimental learning that forms the basis of all modern training systems. Not only do behavioural scientists agree that we learn best by 'doing' but even conventional wisdom has it in the popular saying: what I hear, I forget. What I see, I know. What I do, I understand.



The entire range of simulation techniques from role playing and in-basket tasks to simulated cockpit flying and mock fire drills, that are widely used in all conventional training programmes, emphasise learning by doing. The underlying theoretical framework maintains

that learning is faster and better when it takes place on all the three levels — cognition, affection and action.

Adventure learning, in effect, carries the conventional simulation techniques one step further in that it takes the simulated situations out of the air conditioned syndicate rooms to the real outdoor settings. In a learning culture that is increasingly 'information-rich but experience-poor,' adventure learning intends to provide the experimental anchorage for empowering learners to actively reflect on and use their personal experiences in the corporate setting. If the outdoor settings bear little resemblance to the business environs, it is more than made up for by the carefully-constructed metaphors and heightened physical involvement of the trainees. And the results are at times astounding.

Adventure learning is also catching on in India. Organisations promising a week of fun-learn activities for managers are coming up

Last year, Donovan Associates' (one of the premier organisations which conducts adventure learning programmes), John Donovan recounted an interesting anecdote in an interview with *T&D Journal*, about a group on a sailing programme. The group was sailing for quite some time without making any real headway as the boat kept on going back and forth. Nobody noticed that they had not been going anywhere until one person realised they had passed a buoy marked '27' over and over again. Much later, after the group was back in office, members of the same work group were attending a planning meeting, kept going around in circles without getting anywhere. One person recognised the pattern they had fallen into and wrote on a piece of paper 'buoy 27' and placed it on the table. The group got the message.

COMFORT ZONES

One major concern frequently expressed about adventure learning is the safety factor. After all, an adventure in the wilderness can never be entirely free of risk for the sedentary manager, fine though it would be for the seasoned trekker. The concern is quite valid and a new technique can never gain widespread appeal if it is considered to be physically risky. But then a major methodological component of adventure learning is the perceived risk which is necessary to bring people out of their comfort zones. In reality, however, it is quite safe, as every adventure learning activity is conducted under expert supervision and is provided with intensive backup safety systems. The data gathered by the Oklahoma-based International Safety Network (ISN) and published in *Training* (May 1991) show that the weighted overall injury rate for all adventure learning activities is as low as 1.01 per million participant hours. The 'high rope' courses which are perceived to be the riskiest activity actually involve only 0.55 injuries per million participant hours while sports and recreational activities like volleyball, tennis and soccer account for an injury rate of 31.90 per million participant hours. Besides, injuries can occur even during non-activity time (eating, personal time) at the rate of 0.15 cases out of every million participant hours.

While fierce debate continues on the operational and methodological aspects, the question that has assumed singular importance concerns the bottomline issue: does adventure learning work? What remains when the fun and games in the woods are over? How much of it can be transferred back to work?

A CLEAR LINK

Such issues, however, can never be addressed in absolute terms. A training technique is only a tool and can be as good as the quality of facilitation that goes with it. Metaphors, however powerful, become meaningless and fail to leave a stable impression on the trainees if a clear link is not established between the simulated experience and the actual work. When these and other prerequisites like a proper need analysis are met, adventure learning seems to hold promise. Besides, the current trends also seem to suggest that the corporate clientele is increasingly finding the new technique meaningful. It is difficult to imagine that business leaders like Du Pont, AT&T, and Omega Computers would be spending huge sums on adventure learning as they have been doing if its value was poorly realised.

The trend is also catching on in India. Organisations offering vast acreage of land and outdoor adventure sports facilities and promising a weekend of fun-learn activities for the managers are coming up. The first learning centre to provide full-fledged adventure learning is likely to come up on the outskirts of Calcutta. The blueprint for such a centre has already been drawn up by a Calcutta-based organisation and plans are afoot to bring together sports and training professionals for the purpose.

As things stand now, the days do not seem to be far off when Indian executives will have a taste of the great outdoors while learning the ropes.



• *The author is a deputy manager training systems, IBP Balmer Lawrie.*

NOT YET FREE

The recent economic changes come as good news for the computer industry. But they fall short on several counts



In two lightning strikes, the government has changed the rules of the game. First, through a massive dose of devaluation and then, by restructuring the rep licence system to link all imports, at the same time withdrawing cash compensatory support (CCS). Items listed under the limited permissible list of OGL (open general licence), items imported under PMP (phase manufacturing programme) and list attestation procedure will have to be hereafter imported through a rep licence. Unfortunately, the notification stops short of liberalisation by keeping out appendix II B items. These should also be allowed for imports through a rep licence so that industry begins to feel the advantages of liberalisation. Besides, the statement makes no mention of services; one assumes this is an oversight and that software exports will also get the same benefit.

This first whiff of liberalisation is very welcome. The import content in information technology is necessarily high. But the effect of devaluation for export is useful only in the value-added portion. The value added averages around 20%; so the 20% devaluation gives only a 4% benefit. CCS was more than 4%; its withdrawal, therefore, has a negative impact on the profitability of exports. Besides, it has served to pay for other levies, local taxes and to nullify disadvantages like freight among other things. The freight, insurance and packaging for computer mother boards from Hongkong to the US is lower than corresponding costs from India.

By failing to drastically revamp the advance licence scheme to remove delays between the receipt of an order from the customer and production, the government has left computer exports in an uncompetitive situation. The average time taken to get an advance licence is between six weeks and six months. In most cases of computer hardware, orders get cancelled before the advance licence is received as no customer is ready to wait for more than four weeks for delivery at his doorstep. Further, the rate of change of technology (and hence the downtrend in prices) is so high that no customer is prepared to keep his buying price frozen for more than four weeks.

In addition to the advance licensing procedures, the entire export documentation process is so cumbersome and slow that post-production paperwork takes at least 10 days. Only then can the consignment actually leave the country. After that, it takes almost a fortnight for the documents to reach the customer's bank. The material reaches within a week and incurs demurrage in foreign exchange. If in this period the prices drop, it takes another four weeks before Reserve Bank permission can be obtained for selling at a lower than exported price. Meanwhile, the material at the airport continues to incur demurrage. Ideally, the time lag between the receipt of order and delivery should be a maximum of three-four weeks.

Logically, one should not use the advance licence route and go for straight production, duty drawback (DD) and 30% rep. If one calculated the profitability of the DD route and the advance licence route, the former will definitely work out more profitable — if the availability of money is not taken into account. That is what causes the snag. The system is such that it is almost impossible to operate this route. The reasons are as follows:

- For computers there are no DD rates. Procedures for getting rates are time consuming;
- The material has to be imported through a letter of credit (LC). For this over 200% margin money has to be deposited;
- To import the material, rep licences have to be purchased. The premium paid on these is not recoverable through DD.

With the withdrawal of CCS, this route is not profitable. Banks give packing credit for the export but the money has to be within the overall limits. This means no growth of total business is possible. The only solution is to change the market mix from domestic to export.

The fallouts of the new dispensation and the immediate impact of devaluation and withdrawal of OGL are as follows:

- Costs of products will increase anywhere between 25-35% depending on the import content of the material directly manufactured and the import content of bought-out items from other Indian vendors. This is without taking into account the cascading cost impact on the economy and hence other operating cost increases;
- Availability will drop.

The production of computers and peripherals and the like in 1990-91 was estimated at around Rs 800 crore. Assuming no growth, this would mean imports of between Rs 250 crore and Rs 300 crore. To be able to import this value of production the industry needs to export an equivalent of 10 times today's domestic production, that is increase exports by a factor of more than 30. This is not practical under current conditions. Hence either the industry will have to buy large quantities of rep licences thereby increasing costs, or cut production drastically.

A cut in computer production will lead to a loss of many jobs directly and many more indirectly as there are thousands of self-employed software and maintenance personnel. One area which might, therefore,

suffer is support. At 10% of the sale value, it will become impossible to support customers.

Further, import of material for support will also be drastically reduced, thereby leading to a reduction in overall spares. While one accepts the need to become foreign exchange neutral one also has to be realistic. Computers are, after all, productivity tools which will help to make all sections of the economy competitive if used extensively and effectively.

Hence, something more than just the 30% rep (or 20% on value-added) is needed for the computer industry to enable it to service local domestic demands.

The DoE (department of electronics) secretary N. Vittal had circulated a scheme on partial internalisation of foreign exchange, aimed at creating a policy environment in which export becomes an integral component. This can be achieved if export profitability is made to rise, without there being any fiscal outlay on the part of the government. The scheme as set out by DoE ensures foreign exchange neutrality in the short run and foreign exchange positivity in the longer run through the creation of additional electronic rep licences (Arep) of 45% of FOB (free on board) earnings in addition to the basic rep entitlement. These Arep licences would be permitted for import of electronics-related items only by actual users. This scheme must be implemented so that the growth in this very vital sector is maintained without any drain of foreign exchange.

But the various schemes announced and under discussion are at best tinkering with the present system. These are attempts at making the system more effective but will not achieve any major thrusts in exports. Let us examine the world computer scenario.

The Indian computer market, while growing at a healthy rate of over 30%, is still very small. In 1990-91, the production of micros (personal computers — PCs) was 1 lakh. Our share of the world market is less than .5%. Our share of the US market is below 0.1%.

The international arena is extremely competitive and there are three very important and necessary factors in gaining marketshare. These are: credibility in terms of commitments, particularly in delivery schedules; quality and technology; and prices. Currently, due to the recession, the sale of PCs has flattened, thereby leading to massive price cuts. Hence, to go through the current cumbersome procedure, in spite of any financial incentives, is impractical. To be a player of any consequence in the international market, our entire process of operations has to dismantled and rebuilt.

I suggest the following model:

■ Declare the whole country an export processing zone in respect of information technology products; that is all imports should be meant for export production. Every factory should be an export factory. Every factory should have an imported raw material-bonded store where the imported material is kept under bond and drawn for production as and when required;

■ When the finished product leaves the factory for export, the manufacturer will claim the rep/Arep licences as per the norms. If the manufacturer is taking goods out for domestic production, he will surrender the required rep licences and pay the duty into a duty account. The payment of duty will then become the responsibility of the manufacturer and the goods will be removed under a self-removal procedure. If the entire excise system can work smoothly (including items like Modvat), there is no reason why this system should not. Like excise, there can be a customs audit and suitable action can be taken for defaults. For this, the government must not only be prepared to give up its regulatory role but begin to trust manufacturers. Banks should continue to finance export operations through the packing credit system, except that this should be over the CAS limit already set. This way companies will open an LC with the margin money before importing. Money for export production will thus become cheap and available. The manufacturers importing materials for domestic sales will continue to get expensive money. Hence, in one stroke, every manufacturer will think export. No cumbersome procedure of advance licensing or DD. Commitment on delivery schedules will thus be made and, more important, delivery schedules will thus be met. The vast army today involved in regulating the economy will thus help simplify the procedures and ensure a maximum of 48 hours for clearing all outgoing shipments. This will also release cargo space at airports. The side effect of this would be that the grey market for computer components will disappear. Duty will have to be paid at the point of manufacture, irrespective of the method/route used to get the imported material.



It is neither possible nor desirable for India to try and export every product from every industry. We should pick two or three industrial sectors where we have a natural advantage as a country and try and become world leaders. Information technology is one such area. India's trumpcard here is its vast pool of educated and skilled personnel. International computer firms are looking for cheaper and reliable places to relocate their R&D and manufacturing facilities. Because of the delays and redtape they do not consider India. Countries like Thailand, Philippines and now Vietnam are getting all this investment. If we can break loose these self-imposed bureaucratic shackles, the Indian tiger can truly be uncaged.

□ Veer Sagar

The author is the chief executive of DCM Data Products.

By failing to drastically revamp the advance licence scheme, the government has left computer exports uncompetitive

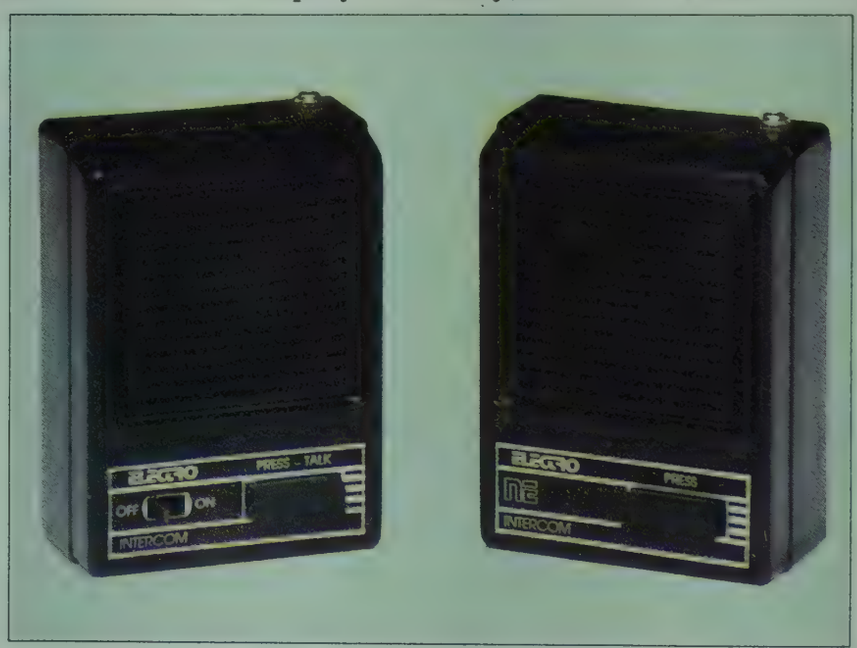
MARKET LAUNCHES

Bombay-based Electro Intercom Systems' unique speaker-type intercom should ring the right bell with the small businessman-cum-trader. The intercom facilitates communication between the front and rear portions of the shop, or from the mezzanine floor to the ground floor or from the shop to the godown. Small factory-owners can contact employees in the workshop through the intercom.

The intercom will also find applications at home for the housewife. One, it can be used as a security check in the door-phone version. Second, it can link the housewife with the servants' quarters.

The price is also reasonable: Rs 375. The intercom is available in a range of four colours and functions on a nine-volt battery. Approximately 15 yards of interconnecting cable come along with the unit.

Contact: Electro Intercom Systems, 7/8 Nina Vihar, Plot No 569, 5th Road, Khar (west), Bombay 400 052. Telephone: 6496140/80872.



With the demand for power fast outpacing supply, it has become imperative to develop hi-tech gadgets to conserve energy. One such device is the Electronic Ballast developed by public sector giant HMT. Recent tests conducted by the lamps division of the company at Hyderabad revealed that the Electronic Ballast showed a pure sinasoidal wave form without any spikes or kinks.

A twin fluorescent tube fitting with this gadget saves energy ranging from 40-44 watts per hour. According to the company, assuming that industries, offices and commercial complexes use fluorescent tube lamps for 10 hours everyday, the energy saving would be 6,912 million units per year. This is equivalent to savings of Rs 103.68 crore per annum.

Contact: HMT, 36 Cunningham Road, PB No 150, Bangalore 560 052.

Unscrupulous electricians often cheat unwary consumers by charging exorbitant rates for doing minor jobs. Bombay-based company Iris Marketing Services has come up with a device that could give such electricians a run for their jobs.

Dubbed the Cosmos Electronic Fault Detector, the gadget comprises a compact unit with a built-in electronic circuit and has colour LEDs (light emitting diodes) for indicating faults in single-phase electrical wiring. According to the company, it is handy and easy to operate.

The device has the form of a normal three-point plug and is priced at Rs 45. It is ideal for professional photographers, computer manufacturers, offices using expensive electronic gadgets, hospitals and hotels, claims the company.

Contact: Iris Marketing Services, 7, Jer Mansion, 1st Floor, behind Tata Blocks, off Turner Road, Bandra (west), Bombay 400 050 Tel: 6428652.

Bangalore-based company Advanced Micronic Devices (AMD) has developed a high-performance microprocessor — the Micronics 486SX — based on the 32-bit i486SX, introduced worldwide by Intel recently. The Micronics 486SX provides a new low-cost entry point for powerful 486-based desktop computing. The Intel 486SX CPU uses the same Risc (reduced instruction set computing) technology, one-clock per instruction core, on-chip cache and memory management unit similar to the Intel 486DX processor. It gives Landmark (version 1.14) speed of 90.8 Mhz.

Popular operating systems like DOS, OS/2, Windows 3.0 and Unix can be run on the system, which is 100% binary-compatible with the X86 family of processors. It can run applications like Lotus, Dbase and Oracle 40% faster than a 386DX-based system.

The microprocessor, priced at Rs 90,000, is primarily intended for business and commercial applications in the corporate sector and office automation. It gives the system enough horsepower to exploit the popular GUI (graphical user interfaces) like Windows 3.0 at an affordable price.

Contact: Advanced Micronic Devices, Arun Complex, 65 DVG Road, Basavanagudi, Bangalore 560 004. Tel: 607800/37. Telex: 0845 8332 MD BG IN.

L&T Gould has developed an AC power meter which replaces three traditional instruments — the ammeter, voltmeter and wattmeter. Christened the DP141, it is compact and lightweight.

The DP141 measures any of the four AC parameters — current, voltage, power (Kw) and apparent power (Kva) — without any need for changing connections. The parameter value is available on a 3-digit display at a touch of the select or push button.

Contact: Larsen & Toubro, TMI Division, Venkatramana Centre, 563 Anna Salai, Madras 600 018.

DATAFILE: UNION TERRITORIES

The next two articles of Datafile will cover the Union territories of Andaman & Nicobar Islands, Pondicherry and Delhi. In this instalment, we look at what the first two mentioned offer in terms of industrial incentives.

RAMESH KUMAR

ANDAMAN & NICOBAR ISLANDS

Area: 8,000 sq km.
Population: 1.89 lakh.
Industrial area classification:

■ *Central government classification:* The whole of Andaman & Nicobar Islands falls in Category A.

Infrastructure, tariffs & concessions:

■ *Power:* The prevalent power tariffs are as per the accompanying table.

■ *Transport subsidy:* A 90% transport subsidy is provided for bringing raw material from mainland ports to Andaman ports and also for sending finished products.

■ *Promotional institution:* Andaman & Nicobar Administration, department of industries, District Industries Centre, Port Blair 74401.

POWER TARIFFS IN ANDAMAN & NICOBAR

(Average rate in paise per Kwh)

Category	Rate	Duty/tax	Surcharge	Total
Small industry				
5 HP, 10% LF (up to 272 Kwh/month)	43.00	—	—	43.00
10 HP, 15% LF (up to 817 Kwh/month)	43.00	—	—	43.00
10 Kw, 20% LF (up to 1,460 Kwh/month)	43.00	—	—	43.00
Medium industry				
50 Kw, 30% LF (up to 10,950 Kwh/month)	—	—	—	—
Large industry				
250 Kw, 40% LF (up to 73,000 Kwh/month)	No high tension tariffs			
1,000 Kw, 50% LF (up to 3.65 lakh Kwh/month)	No high tension tariffs			
Heavy industry				
5,000 Kw, 40% LF (up to 14.6 lakh Kwh/month)	No high tension tariffs			
5,000 Kw, 60% LF (up to 21.9 lakh Kwh/month)	No high tension tariffs			
10,000 Kw, 60% LF (up to 43.8 lakh Kwh/month)	No high tension tariffs			
10,000 Kw, 70% LF (up to 51.1 lakh Kwh/month)	No high tension tariffs			
25,000 Kw, 80% LF (up to 146 lakh Kwh/month)	No high tension tariffs			

PONDICHERRY

Area: 429 sq km.
Population: 6.04 lakh.
Natural resources available: Rice, pulses, sugarcane, groundnut, cotton, *jowar* and *bajra* are the main crops grown in Pondicherry.
Industrial area classification:

■ *Central government classification:* The whole of Pondicherry falls under Category A.

Infrastructure, tariffs & concessions:

■ *Power:* The prevalent power tariffs are as per the accompanying table.

■ *Power subsidy:* For industries drawing HT and LT, a subsidy is granted for a five-year period as per the following rates: a 33.33% subsidy for the first three years from commencement of production; 20% for the fourth year; and 10% for the fifth year.

■ *Land:* The Pondicherry Industrial Promotion Development & Investment Corp (Pipdic) provides developed plots to entrepreneurs at the following rates: for plots in the Mettupalayam industrial estate, the rent is Rs 20.75 per sq metre while for those in the Sedarpet industrial estate it is Rs 31.65 per sq metre.

The two types of plots available are: A type (1,050 sq metres); and B type (648 sq metres).

Developed plots are alloted on lease for a period of 99 years which is renewable for a similar period after expiry unless the lease is terminated.

The premium lease rent to be paid is 50% on allotment of plots. The balance 50% can be paid in two half-yearly instalments after allotment of plots. After remittance of the premium lease, a nominal lease rent of Re 1 per annum is payable.

■ *Sales tax concessions:* All units are exempt from sales tax payment and Central sales tax (CST) for a five-year period from the date of commencement of production. Small-scale industrial (SSI) units can avail of a further exemption of 50% CST for the next seven years and 25% CST for the next seven years (that is from the 12th to the 19th year).

■ *Price preference:* SSI units can avail of a 15% price preference for all purchases by the Pondicherry government.

■ *Schemes for special industries:* SSI units can avail of extra CST benefits as enumerated above. SSI units registered at Pondicherry are exempted from sales tax payment for the materials purchased from the raw material depot of the National Small Scales Industries Corp (NSSIC). These units need not give any security deposit and earnest money deposit for tenders quoted to government departments. Tiny sector units started after 1 January and whose products are sold through recognised emporia are eligible for a 5% sales rebate. These units get sales tax reimbursed from the industries department against purchase of raw materials, tools, plant and machinery.

■ *Scheme for selected entrepreneurs:* Scheduled caste/scheduled tribe entrepreneurs can avail of a reduced margin for loan purposes.

■ *Promotional institution:* Pondicherry Industrial Development & Investment Corp, 38 Romain Rolland Street, Pondicherry 605 001.

POWER TARIFFS IN PONDICHERRY

(Average rate in paise per Kwh)

Category	Rate	Total
Small industry		
5 HP, 10% LF (up to 272 Kwh/month)	72.00	72.00
10 HP, 15% LF (up to 817 Kwh/month)	72.00	72.00
10 Kw, 20% LF (up to 1,460 Kwh/month)	72.00	72.00
Medium industry		
50 Kw, 30% LF (up to 10,950 Kwh/month)	72.00	72.00
Large industry		
250 Kw, 40% LF (up to 73,000 Kwh/month)	74.13	74.13
1,000 Kw, 50% LF (up to 3.65 lakh Kwh/month)	70.50	70.50
Heavy industry		
5,000 Kw, 40% LF (up to 14.6 lakh Kwh/month)	74.13	74.13
5,000 Kw, 60% LF (up to 21.9 lakh Kwh/month)	68.09	68.09
10,000 Kw, 60% LF (up to 43.8 lakh Kwh/month)	68.09	68.09
10,000 Kw, 70% LF (up to 51.1 lakh Kwh/month)	66.36	66.36
25,000 Kw, 80% LF (up to 146 lakh Kwh/month)	65.07	65.07

The author is the head of Mode, a Bangalore-based information research consultancy.

CARBON BLACK VENTURES

P.V. SATYANARAYANA

This article, a continuation in the series on new chemical projects in India, will discuss carbon black (CB) ventures. Though recent estimates reckon that demand for CB will rise to 2.51 lakh tonnes (LT) by 1994-95 and 4.12 LT by 2000, certain experts opine that demand is likely to be lower than anticipated.

It is pertinent to keep in mind that the costs of the various expansion schemes and new projects are likely to escalate following the recent rupee devaluation, thanks to dependence on imported plant and machinery.

■ Bihar State Credit & Investment Corp has signed a memorandum of understanding (MoU) with Modi Threads to promote a 50,000 tonnes per annum (tpa) CB joint venture at Jasidih in the backward Santhal Parganas district. The project is in a preliminary stage of planning.

■ Ceat is to establish a new 50,000 tpa CB facility at Visakhapatnam. Feedstock will be obtained from RPG Petrochem's proposed 100% export-oriented petrochem venture at Manali near Madras when it becomes operational. The project will fulfil the captive requirements of Ceat's tyre manufacturing units.

■ Consolidated Petrotech, formerly Gujarat Carbon, is expanding and modernising its CB plant capacity from 35,000 tpa to 50,000 tpa. The project, near Bharuch, is scheduled to be completed this year.

■ Dunlop India is reported to have floated Sun Carbon, a joint venture with the West Bengal Industrial Development Corp, to implement a 50,000 tpa CB project at Haldia. To be set up in technical collaboration with J.M. Huber of the US, the estimated project cost is Rs 60 crore.

■ Indian Rayon is to increase its CB capacity at Renukoot in Sonebhadra district of UP from 20,000 tpa to 50,000 tpa at a cost of over Rs 25 crore. The project (its first stage of 20,000 tpa was implemented in technical collaboration with Phillips Petroleum of the US) is likely to be completed by 1993.

■ Kothari Petrochemicals, promoted by Kothari Sugars & Chemicals, is to implement a 50,000 tpa, Rs 35 crore CB project at Hazira near Surat. It plans to get its feedstock from Reliance Petrochem when it becomes operational. Completion was originally targeted for 1993, but may undergo some change.

■ Lloyds Steel Industries has proposed to set up a 50,000 tpa CB facility at Valia near Bharuch. Though Witco Concarb of the US is being tapped for technology, the project has not made much headway.

■ Madras Refineries is considering a 50,000 tpa, Rs 60 crore CB plant at Manali. The scheme, in a preliminary planning stage, is yet to receive Central government clearance.

■ Murablack India, a company promoted by Dynamatic Forgings, is setting up a 100% export-oriented unit (EOU) to produce conductive grade CB at Tarapur near Bombay.

Several projects for carbon black are on the anvil. But there are fears that demand will not keep pace with capacity creation



The Rs 11 crore, 9,000 tpa project, a joint venture with Murachimie SA, Switzerland, is planned to be completed by this year.

■ Phillips Carbon Black Ltd (PCBL), India's leading CB manufacturer, is modernising its Durgapur unit in two phases. Its Canadian collaborator Columbian Chemicals is providing technical assistance. The first phase, which will raise capacity by 6,000 tpa to 56,000 tpa, will cost Rs 20 crore and is scheduled for completion by end-1991. The second phase, costing Rs 10 crore, will increase capacity to 65,000 tpa and is likely to be completed by end-1992/early-1993. The additional feedstock needed will be obtained from Haldia Petrochem when it becomes operational.

■ PCBL is also floating a new company, Alfa Carbon Black, to implement a 40,000 tpa EOU at Bokaro in Bihar. It will be set up in two phases — costing Rs 40 crore and Rs 25 crore respectively. Indian Oil's Barauni refinery has reportedly promised to supply the feedstock. As of mid-1991, the company appeared to have made good progress.

■ Ralson Carbon has taken over the operations of Eureka Chemicals, a sick unit at Haldia, and initiated a Rs 25 crore modernisation-cum-expansion programme. Under this, capacity is being raised to 30,000 tpa. Completion is targeted for late 1991.

■ SM Dyechem and the Karnataka State Industrial Investment & Development Corp are promoting a 50,000 tpa, Rs 25 crore CB joint venture near Mangalore in Karnataka. Feedstock is to be initially imported till the new refinery at Mangalore becomes operational. The project is in a preliminary stage of planning.

■ Steel Strips is likely to team up with the Haryana State Industrial Development Corp to promote a 50,000 tpa CB joint venture at Panipat in Karnal district. The scheme is yet to make headway though it was reported that the company is considering a technical tieup with either Cabot Corp or Witco.

■ United Carbon, a pioneering manufacturer of CB, is planning to modernise its 20-year-old plant near Bombay. Technology is to be acquired from Cabot Corp, and a new reactor design for conserving energy is to be incorporated.

■ Varinder Agro is diversifying into CB manufacture. The company has secured a registration for a 60,000 tpa plant proposed to be located at its existing fertiliser manufacturing complex near Barnala in Sangrur district of Punjab.

Given the above projects, the CB capacity in India is likely to cross the 3 lakh tpa mark by 1993-94.

• *The author is a Bombay-based management consultant*

POLAR



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The Soviets are confused by too many economic plans.

ROUBLE TROUBLE

If you are confused about Soviet economic reform, so is the Soviet Union. There are two national programmes currently on offer: one has been drawn up by former Russian deputy prime minister Grigori Yavlinsky, with the help of a group of American economists; the other is by Soviet prime minister Valentin Pavlov and officials from some Soviet republics.

The first has no legal status but the support of president Gorbachev. The second is a statement of government intentions. But two republics have taken no part in drawing it up; three which took a small part have not signed it; and two more which signed an initial draft — Russia and Ukraine, no less — have not signed the final version.

The prime minister first dismissed Yavlinsky's programme, then endorsed it. Mikhail Gorbachev is trying to marry the two programmes before going to the G7 summit in London in mid-July. And, to cap it all, the national parliament has passed a privatisation law which has nothing to do with either plan, but still sets ambitious targets for selling state industries.

Part of the confusion stems from a basic misunderstanding. Crucial parts of economic policy are now being decided not at national level but by republics. Their programmes provide a better guide to what may happen in the Soviet economy over the next few years. Most are more radical than the government's "anti-crisis programme," and are already coming into effect.

Russia's reform programme uninhibitedly encourages private entrepreneurship

The big central Asian republic of Kazakhstan is further ahead in providing a legal framework for reform. Drawn up with the help of a Korean-American professor, a former prime minister of Singapore and Yavlinsky himself, the Kazakh programme sets out who can buy firms (anyone, foreigners included) and provides legal guarantee against nationalisation. It lays down a minimum monthly wage (130 roubles, or about Rs 4,550; 1 rouble = Rs 35), stipulates that a Kazakh currency can be introduced by the republican parliament and says the rouble's exchange rate in the republic should be freed; not set by the state bank in Moscow.

The republic's president says that 2.38 lakh private plots of land have been given away during the past year and he wants all small enterprises to be sold in the next few months. If companies agree, a part of their own assets can be used for an employee buyout. The proceeds of privatisation go into a special "stabilisation fund."

Own currency. Among other big republics, Ukraine has "nationalised" all enterprises owned by the Central government (that is, taken them under republican jurisdiction) and said that it alone has tax-raising powers (which contradicts both the national economic plans). It also plans to introduce its own currency (actually a rouble with the letter "U" stamped on it). Belorussia has passed the country's first bankruptcy law, plus a law for allocating private plots of land to citizens.

The six republics that want full independence go further: they want to go straight for capitalism. Lithuania and Estonia freed food prices on 1 July — the first republics to risk this. Lithuania has cut the tax rate on corporate profits from 35% to 29% and has started to distribute vouchers for buying factories and houses. Latvia has begun issuing its own export and import licences and Moldavia has passed a banking law permitting foreign capital to be invested in local commercial banks. Armenia, which has started auctioning off shops, has a reform programme which will go into effect if the republic votes to secede in a referendum planned for September.

Most important of all, because it is the largest, is Russia's programme. This uninhibitedly encourages private entrepreneurship. It lowers the top rate of income tax to 30%, abolishes discriminatory taxes and administrative restrictions on traders and permits the use of convertible currencies in the republic (which also contradicts both national programmes). Russia will also scrap the entire Soviet tax system — based largely on a high corporate tax — and replace it with a more broadly-based one that includes property and value-added taxes.

Different timetables. On privatisation, a new Russian law which involves giving vouchers to citizens next year says that it is impossible to determine five years in advance how many firms can be sold or given away; so it proposes a variety of timetables.

Each of these programmes raises a question; how far can any republic go it alone? For all its faults, the Soviet economic system does now provide a kind of common market. Republics are dependent on each other for trade. The republics pay lip service to maintaining this common market, and the Russian plan would abolish all ration-

SOVIET CITIZENS IN A QUEUE: *Bearing the brunt*



ing systems that are used to provide local protectionism. But the go-it-alone price reforms of the Baltic states can be achieved only if they isolate their economies from the rest. And the Baltic, Kazakh and Ukrainian proposals to create their own currencies are likely to lead to further trade disruption.

Yet, so long as the republics continue to use the rouble, other parts of their programmes — plans for independent banking systems, market interest rates and freely-convertible roubles within their borders — are nonsense. The supply of roubles will be determined by the Central government — which in turn means all republics will be affected by the yawning federal budget deficit. Back to those national plans. — *The Economist.*

European drug-makers are using regulations to stifle importers.

WITHDRAWAL SYMPTOMS?

Given free trade, parallel importers — who make a turn by buying products cheaply in one country and selling them at a higher price in another — can be great levellers, helping to smooth out international price differentials. The drug industry is unconvinced of the virtue in this. It argues that, at least in the European Community (EC), parallel importers take unfair advantage of a market that, because it is closely regulated, is far from free. The parallel importers reply that the drug manufacturers are using the regulations to stifle competition.

To sell a drug in any EC country a parallel importer must obtain a product licence. For this

The drug companies believe that they have a good case for protecting their markets

the importer must provide a European Community Marketing Authorisation (ECMA) number, as proof that the drug is made in the Community. The EC reckons the approval of a product licence on a parallel-imported drug should take 45 days. Oddly, in Holland it takes three months, in Britain 19. Parallel importers think this is because the regulators have to get information from heel-dragging drug companies. But because of a confidentiality agreement between regulators and drug-makers, parallel importers are powerless.

Tricks of the trade. If a drug company changes its manufacturing procedure — however slightly — it allocates a new ECMA number to the modified product. Simply by changing the colour and shape of pills, or switching from tablets to capsules, the drug manufacturers can scupper the parallel importers' trade. There are other tricks too. Drugs can be sold under different brandnames throughout the EC, but regulators prohibit the import of drugs with "foreign" brandnames, even though the ingredients are often identical. So drug manufacturers often rename drugs to head off competition.

The drug companies believe they have a good case for protecting their markets. That the same drug sold in one European country can cost up to eight times as much as it does in another suggests that drug companies are profiteering. Not so, say the companies: prices are often set by national governments. And there are other reasons why parallel imports have failed to make a mark in parts of the EC. Pharmacists in Germany have no incentive to supply parallel imported drugs: the more expensive the drugs they sell, the more profit they make.

According to Remit Consultants in London, who have produced an as-yet unpublished report on the matter for the EC, the Community's market for parallel imported drugs is worth $500 million a year. Without artificial trade barriers, reckons Remit, it could be four times that size. — *The Economist.*



Japan's securities scandal has stirred up a hornets' nest.

DUBIOUS DEALINGS

First the earthquake, now the mudslide. Japan's securities scandal has weakened the Bank of Japan by forcing it into the first cut in the official discount rate since February 1987. It has also caused the unprecedented spectacle of a public row between Nomura, the country's grandest securities firm, and the ministry of finance, and had that ministry itself privately rebuked by the prime minister.

The Central bank's trouble springs from the timing of its rate cut. Signs of a slowing economy have for some time provided respectable reasons for monetary easing. But the bank's governor Yasushi Mieno had sternly resisted the pressure, insisting that the economy remained strong and that inflation was the real enemy. Yet on 1 July, a week after the enforced resignations of the presidents of Nomura and Nikko (the country's number three firm) and a subsequent 4% slide in share prices, the Bank of Japan announced a cut in the discount rate from 6% to 5.5% and pushed

overnight call rates down from 8% to 7.5%. The Nikkei index duly rose 3.5% in one day, to 24,109; the bond market, where the benchmark government bond yields 6.8%, barely stirred.

Little wonder that many observers assume Mieno was bullied into action. Not without reason, admittedly. The share slide had left the Nikkei index only just above 23,000. This is seen as a critical level for Japanese banks' capital-adequacy ratios, and therefore for the health of the entire financial system, because unrealised profits on shares account for half the banks' capital.



TABUCHI: *Departure from tradition*

The stockmarket was nervous because the scandal did not end, as it was supposed to do, with the resignations of the presidents of Nomura and Nikko. This was meant to mark *kejime*, the point in the sand at which a line is drawn, a public sacrifice is offered and past transgressions are forgiven. But in an extraordinary departure from customary practice for a senior Japanese, ousted Nomura president Yoshihisa Tabuchi did not play his appointed part. Rather than fall on his symbolic sword silently, a clearly angry Tabuchi told shareholders at Nomura's annual general meeting that the ministry of finance not only had approved the payments made by Nomura to favoured clients to compensate for their stockmarket losses but also knew that Nomura had reported the payments as trading losses. It was the attempt to claim the compensation as tax-deductible that alerted the tax authorities and brought the scandal into the open.

No surprise. Tabuchi's charge of finance ministry collusion may have come as no surprise to Tokyo's moneymen. Indeed this had all the signs of a tiff between close friends. But that is not the point. It is not permissible in Japan for the ministry of finance to admit to a wrong. The official response was therefore to retaliate.

The finance ministry said it would consider banning Nomura and Nikko from securities dealing for a period later this year. Finance minister Ryutaro Hashimoto also speculated aloud that securities companies' management of public pension funds would be reconsidered. This worried jittery investors, who took it to mean that this sort of money would no longer go into the stockmarket. Pension funds, public or private, are the only sorts of domestic institution that are still net buyers of equities in Japan (¥3 trillion — Rs 55,800 crore — worth of them this year, estimates Barclays de Zoete Wedd).

In a further indication of establishment anger with Nomura, its chairman Setsuya Tabuchi (no relation) was dismissed from his position as a vice-chairman of Japan's powerful Federation of economic organisations, the Keidanren. He had already offered to resign, but Keidanren chairman Gaishi Hiraiwa spoilt the effect by stating publicly that he would have been removed anyway.

Nomura moved quickly to make up for its former president's outburst. His successor, Hideo Sakamaki, apologised publicly at a hastily-arranged press conference for what he described as Tabuchi's inappropriate statement.

But stockbrokers are not the only people being rebuked. The bureaucracy itself has not escaped unscathed, even if the scoldings have been in private. The top civil servant in the finance ministry Hiroshi Yasuda, as well as the heads of the banking and securities bureaus Masaaki Tsuchida and Nobuhiko Matsuno, were summoned to the prime minister's office on 26 June. Toshiki Kaifu told them firmly to put their house in order.

Ousted Nomura president Yoshihisa Tabuchi's outburst exposed the role of Japan's finance ministry in the scandal

Amid all this debris it remains far from certain whether the scandal is over. There is concern about what American and British securities regulators may uncover in their current investigations of Japanese securities firms. Any sign of compensation being paid in those foreign jurisdictions could stir up a legal hornets' nest there.

There is concern too that other prominent financial firms will be charged with gangster links or making good clients' losses, since such practices were widespread.

As fears of further scandal spread, the stockmarket is shaky. On 3 July the Nikkei lost 622 points, and another 238 next day, to close at 23,137 — lower than it stood before Mieno gave way. — *The Economist.*

Bangladesh liberalises its economy.

GROWTH RECIPE

A prompt follow-up by the Bangladesh Central bank to liberalisation measures announced by finance minister Saifur Rahman appears to indicate the resolve of Dhaka's new democratic government to pursue economic deregulation.

Bangladesh Bank issued a circular on 15 June giving immediate effect to a number of measures that Rahman had signalled two days earlier.

Effective from 1 July, foreigners and non-resident Bangladeshis may buy securities on the Dhaka stockmarket, stockmarket investors and most foreign companies may remit profits overseas without Central-bank approval, state- and privately-owned manufacturing companies may borrow abroad, and resident and non-resident Bangladeshis may open foreign-currency bank accounts.

The reforms aim to encourage inward investment and plug foreign-ex-

change loopholes — both steps which are vital if Bangladesh is to mobilise financial resources to achieve its growth targets. Trade circles in Dhaka have cautiously welcomed the measures, which appear to have broad support across the political spectrum.

Global winds. Announcing the measures, several of which had been sought by Bangladesh's foreign aid donors, Rahman said the Bangladesh economy "must match with the global wind of liberalisation to attract investors." Earlier, he had also said that he wanted to see the government's role in the economy reduced and its discretionary powers curtailed.

Under the terms of the Central bank's circular, foreigners and non-resident Bangladeshis are now allowed to buy securities on the Dhaka stock exchange against foreign currency brought into the country through the banking system. Profits and dividends will similarly be remittable abroad.

While the Dhaka exchange is unlikely to see a rush of investor interest, its opening-up is a major step towards improving Bangladesh's image in the eyes of foreign investors. Some 135 companies, six domestically-run mutual funds and four debentures are listed on the exchange, which has a total market capitalisation of Taka 11.9 billion (Rs 714 crore). Average daily turnover is a mere Taka 5.83 lakh.

Rahman said in his budget speech on 14 June that the government planned to sell shares or assets worth Taka 500 million during the fiscal year which started on 1 July.

The freedom for foreign companies to remit profits abroad is another important step in making Bangladesh attractive for investors.

By easing investment rules, Bangladesh seeks to improve its image in the eyes of foreign investors

Under the new measures, Central bank permission to remit profits will be required only by foreign banks, insurance companies, airlines and shipping firms.

The easing of controls on foreign borrowing will enable private-sector industrial companies to borrow abroad with the approval of the Board of Investment at an interest rate not exceeding two percentage points above London interbank rates. According to a finance ministry official, this measure is likely particularly to benefit local operations of foreign-owned multinational companies, which face limitations on their ability to borrow locally.

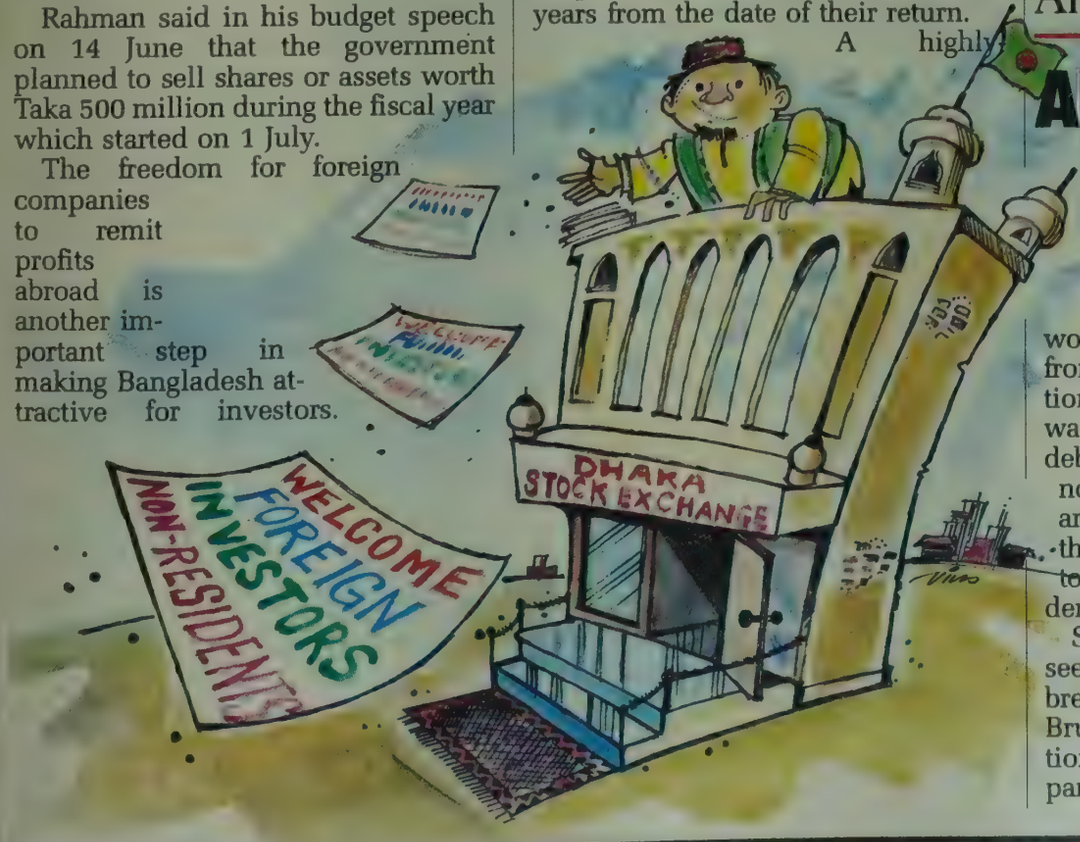
New forex rules. Under the new foreign exchange rules, visitors are now allowed to bring in foreign currency worth $2,500 without declaration. Bangladesh residents may bring in up to $1,000 on their return from a trip abroad. There is no restriction, however, on amounts officially declared to customs authorities.

In addition, Bangladeshis who maintain foreign-currency or non-resident foreign-currency deposit accounts in Bangladesh while living outside the country will be allowed to keep these accounts for up to five years from the date of their return.

A highly placed Bangladesh bank source said that neither the Central bank nor customs authorities will question the source of formally-declared foreign currency funds, provided they are not earned from the export of goods or services from Bangladesh, or commission on business deals contracted in the country.

The "no-questions" policy is aimed at pulling back into the official economy money that currently bypasses normal banking channels. Bangladeshi workers and businessmen overseas officially repatriate about $650 million annually. However, economists have variously estimated that the true figure is well in excess of $1 billion.

The Central bank said it will not exercise any control over such funds and they may be freely transferred abroad by the account holder or used for travel purposes. Such deposits may also earn interest if the balance remains in excess of $1,000. — *Far Eastern Economic Review*.



Asian exporters are wary of a North American trading bloc:

AN EMERGING GIANT

Developing Asia faces a new and strong threat to its share of the US market, the world's largest. The challenge comes from Mexico, a nation with a population twice the size of South Korea that was written off as an excessively indebted basket case 10 years ago. It is now negotiating to set up a free-trade area with the US and Canada, a deal that would give Mexico open access to the huge market just across its border.

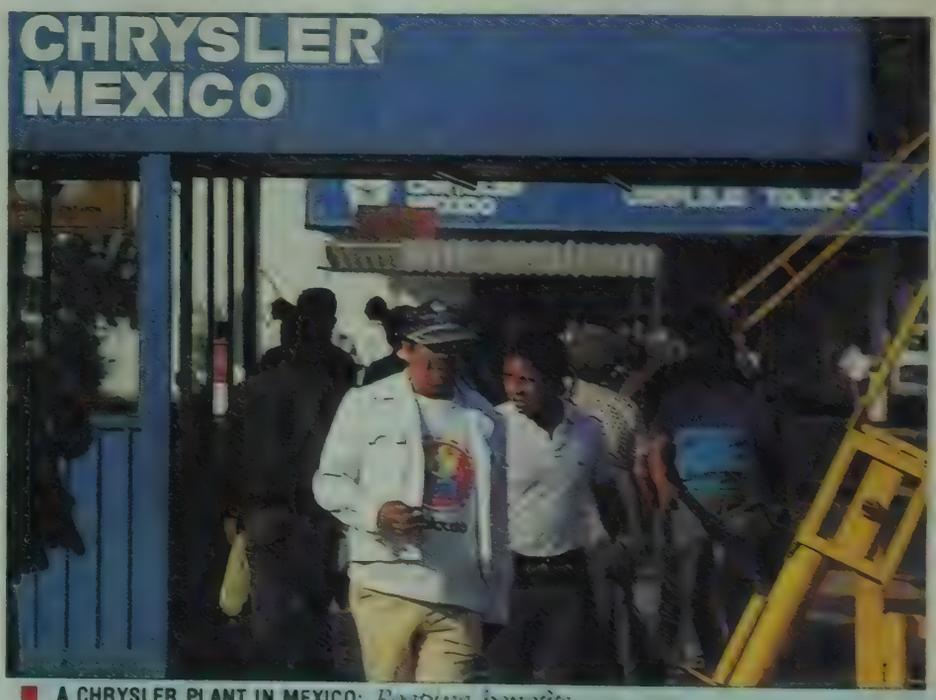
Such an agreement would have seemed far-fetched a year ago. But the breakdown of global trade talks in Brussels in December and US frustration with some of its main trading partners, Japan and the EC in par-

ticular, has transformed the mood in Washington in favour of closer economic ties with its big southern neighbour. The vote by the US Congress in May to grant president George Bush "fast-track" authority to negotiate a free-trade pact without full scrutiny by the legislature has virtually guaranteed the successful conclusion of a North American Free Trade Agreement (Nafta).

The deal would create a $6 trillion (Rs 1,54,56,000 crore) market with a population of 360 million and would vastly expand business opportunities among the member countries.

Asians are justifiably worried about the outcome of the negotiations. They fear that Mexican products would replace their exports to the US and that Mexico would lure away investment they would have received otherwise.

Nafta's proponents in the US, Canada and Mexico claim that their free-trade area would not become an exclusive, protectionist trading bloc. They say it will contribute towards, not detract from, global free trade. To be sure, the ideological commitment of many Americans to an open, multilateral trading system remains strong. The US has a strong interest in ties with robust Asian economies. Even US isolationists are loath to cede East Asia to Japanese domination. Moreover, Mexico, as well as Canada, is keen to participate in the Asia-Pacific region's economic dynamism.



A CHRYSLER PLANT IN MEXICO: *Reaping benefits*

Contrary trends. Two contrary trends appear to be at work, however. On the one hand, national borders are becoming irrelevant as firms set up manufacturing plants around the world. On the other hand, regional trading blocs are being consolidated in Europe and now North America. Asia is worried about being excluded from a grouping such as Nafta, which contains the US — its biggest export market.

Asian firms are rightly wary of the competitive threat posed by Mexico, a rapidly developing newly-industrialised country (NIC) with a population of 88 million and a living standard of $2,000 a year, on a par with Malaysia's. After three years as president of Mexico, Carlos Salinas has done a great deal to rejuvenate an economy that suffered from many of the problems dogging Latin America: excessive state intervention and heavy protectionism. Salinas has tamed inflation, balanced the budget, made a deal with world bankers to repay external debt of more than $90 billion and taken steps to attract foreign and flight capital. In addition, he has liberalised imports much more boldly than his "role models," South Korea and Taiwan, ever did at comparable periods of development a decade or so ago.

Now Salinas seems poised to win preferred access for Mexican exports to the US and Canada. Nafta as a concept makes economic sense to the US, despite reservations about jobs being exported across the southern border. Mexico is a growing economy with a big appetite for US goods and offers abundant low-cost labour while being short of capital and technology.

Canada has more reservations about Mexico than does the US. Canada's trade with Mexico is a lot smaller than that of the US, and it is afraid of losing jobs. But it is not expected to block moves towards an enlargement of its trade agreement with the US.

Heartened by the experience of negotiating a free-trade pact between the US and Canada (signed in January 1989 and due for implementation over 10 years), officials assume that an agreement on Nafta will be concluded within a year. But full implementation could take a further 15 years, due to the vastly different levels of economic development of Mexico on the one hand and the US and Canada on the other. Top trade officials from the US, Canada and Mexico launched the talks in Ottawa in June. They defined the areas of coverage — trade in goods and services, investment, protection of intellectual property, government procurement and disputes settlement — and established a mechanism to deal with each of these issues.

Allaying protectionist fears. In an effort to allay fears of a new economic fortress in the making, Nafta proponents stress that it will be "consistent" with the General Agreement on Tariffs and Trade (Gatt), thereby implying that the group will be kept open to outsiders. But critics point out that merely being consistent with Gatt rules does not give outsiders much comfort. It simply means that the bloc would not be allowed to exclude too many tradable items from the process of internal-trade liberalisation and would not erect fresh barriers against outsiders.

There is no doubt that Mexico's proximity to the US, as well as its low wages (roughly equivalent to Malaysia's) and preferential access, could result in the diversion of US imports from Asian sources to Mexican ones. Asian products likely to be affected immediately include cars, electrical goods and garments. But in the long term, all mass-produced consumer products that Asia sells to the US in huge amounts could face competition from Mexico.

There is a consensus among US economists that the scale-of-trade diversion away from Asia as a result of Nafta is unlikely to be large, though nobody has predicted the size of the effect. Those suggesting that the impact will be small cite the fact that US and Mexican tariffs against each other's products are already low. The average

nominal rates are about 4% for Mexican products entering the US and 10% for US goods travelling south.

In a study on Nafta's impact on the American economy, the US International Trade Commission points to the fact that most developing countries, including those in Asia, already receive sizeable tariff preferences. This tends to reinforce the view that Nafta's trade-diverting effect will be small — at least in the early years when Mexico's advantage will be modest.

As for the displacement of Asian exports to Mexico by competing US products, this is not likely to be great, the argument goes, because the US already dominates the Mexican market. The US accounted for roughly 70% of Mexico's imports of $23.4 billion in 1989. Asia sold only $1.2 billion worth of goods to Mexico in that year.

University of Texas economist Sidney Weintraub believes there would be little trade diversion. Indeed, he says that if the Mexican economy grows significantly faster under Nafta than the 0.7% a year it achieved in 1980-89, third-country exports to Mexico may actually be boosted. Mexican officials say the US-Canada free-trade agreement has had little negative impact on Mexico, contrary to earlier fears.

Others, however, argue that the trade-diverting effects could be considerable. Some important US industries are heavily protected from foreign competition by tariffs and quotas. Full implementation of Nafta would eventually remove those barriers with Mexico and give its exporters to the US a significant advantage over non-member exporters.

Besides trade, another trouble spot for Asia could be the likely diversion of foreign investments to Mexico

Trade is not the only worry for Asia. Under Nafta, Mexico could attract foreign direct investment that would otherwise have gone to Asia. Foreign investment in Mexico has risen sharply since the country liberalised its investment rules in 1989. According to investment bankers Salomon Brothers, Mexico last year took in a net $9.4 billion in new capital — through bond issues, equity investments and other sources — compared with less than $1 billion in 1989.

Once Nafta is in operation, foreign manufacturers may try to overcome the disadvantage of selling in the US from outside the North American bloc by setting up factories in Mexico. A virtual circle, from Mexico's point of view, could be set in motion. The expectation that Nafta would enhance Mexico's political stability and economic growth could accelerate the shift of investment there from Asia.

Americans are particularly wary of "back-door" penetration through Mexico by Asians — and Europeans, for that matter. One method of such penetration would be the trans-shipment of Asian products through Mexico and into the US with no additional processing. Another would be to bring Asian products into Mexico for light processing before shipping them on to the US or Canada.

Some Japanese and other East Asian *maquiladora* plants in Mexico have already been criticised in the US for reaping benefits which some Americans feel should be reserved for their compatriots. Other Asian firms were suspected of cheating on US duties. *Maquiladora* plants are bonded operations along the US border. They are permitted to import US inputs free of duty, process these inputs and re-export the product, paying US duty on the value added in Mexico and on non-US inputs. Calculating the US duty on *maquiladora* products is a complicated exercise, and there is deep suspicion in the US that foreigners are abusing the system.

To prevent imports entering the US by these methods once Mexico is part of a free-trade area, the US will insist upon stringent rules of origin. These regulations are used to determine whether goods traded among member countries of a trade area are eligible for preferential treatment. Generally, goods have to be manufactured wholly or largely within the trade area. If the goods contain third-country materials, the materials must have been processed and transformed to a significant degree within the area. — *Far Eastern Economic Review.*

NEWS BRIEFS

■ UK tobacco group **Rothmans** has paid Pta 6.9 billion (Rs 157 crore) for 3.9% of **Tabacalera**, Spain's monopoly manufacturer and distributor of tobacco. The acquisition is likely to send smoke signals to rival international tobacco groups **Phillip Morris** and British American Tobacco (Bat), both have joint ventures with the Spanish group.



■ **REED**: *Job-hopping*

■ The **Citicorp** cost-cutting regimen continues. Having already shed 7,000 jobs, the US bank is to reduce its worldwide workforce by up to 10%, or some 10,000 people, over the next 18 months. According to chairman John Reed, there is every possibility of the total job cuts reaching 17,000.

■ **Sogeti**, the French holding company which controls Europe's leading computer services group Cap Gemini Sogeti (CGS), is to hawk off a minority stake to **Daimler-Benz**, the German vehicle and aerospace group. Daimler is to pay between FFr 1.3 billion (Rs 364 crore) and FFr 1.5 billion for a 34% stake in Sogeti. The deal forms an important step in CGS's attempt to become the world's largest computer services group, according to Sogeti president Serge Kampf.

RUGS TO RICHES

Shyam Ahuja has a fetish for quality, an obsession for pastels and a lot of gall. And he's spent nearly three decades weaving these attributes into an image of high exclusivity that puts his label in the rarefied echelons of the international designer goods market; alongside such *haute* names as Yves St Laurent, Pierre Cardin and Ralph Lauren.

He is as far removed from the common man as his Rs 40,000 dhurries can be, and has no intentions of changing — not even for the Indian market, where he intends to expand sales 15-fold over the next few years. Says Ahuja (59): "Wherever you buy my products — New York or Calcutta — they'll cost a lot of money. I'm expensive."

Last year, his revenues from the domestic market stood at roughly Rs 3.5 crore, a little more than a quarter of overall sales. That, he says, was because he didn't try hard enough. "We've always concentrated on exports. We didn't really look closely at the Indian market; we let buyers come to us." Only a small fraction of the Shyam Ahuja Ltd's (SAL's) ad budget (Rs 80 lakh in 1990-91) was devoted to wooing his countrymen.

Now, it's time for the big push. The Karachi-born designer is confident he can repeat his international success at home. The Indian market for exclusive home furnishings is worth at least Rs 30 crore per annum, and Ahuja believes a two-thirds share is well within his reach. What's more, he's certain he can increase sales to Rs 100 crore by going easy on quality and dropping prices — but that's not his style. "Look, I'm a lazy old man; the competition in the middle and lower end of the market is much too severe for me."

He's made a mark with his dhurries overseas. Now Shyam Ahuja is gearing up to push his designs in the domestic market



AHUJA WITH HIS DHURRIES: *For the connoisseur*

More likely, Ahuja knows that slashing price and overlooking quality would take the sheen off his label and hurt his image abroad. Besides, the Indian Millionaires' Club is expanding its membership fast enough to keep the demand for his creations higher than supply. "I cater to only one segment of society, but, in sheer numbers, there are a lot of people who can afford Shyam Ahuja."

It is this super-rich class that Ahuja will address in his new marketing campaign — but not always directly. In addition to the chain of retail outlets he plans to set up (he has seven showrooms and hopes to open four more before the year is out), Ahuja will spend a lot more time wooing architects and interior decorators who influence most major home-furnishing decisions. "A man may head a business empire, but he won't take a decision about buying a carpet for his living room without consulting an expert."

To build a closer working relationship with these "persuaders," SAL will open showrooms/ workshops where only registered decorators and architects are allowed entry. "We'll show them what we have, what we can do; and we'll custom-make furnishings to their designs." They, in turn, will convince clients to buy Shyam Ahuja creations.

SUCCESS ABROAD

This strategy has worked wonders for Ahuja abroad. His outposts in New York and Boston are restricted to architects and decorators. Most of his ads appear in reputed trade journals. He participates in international exhibitions across the globe, including the prestigious Grand Palais in Paris and the Incontri at Venice, again attracting the attention of decorators. "These are the people who matter; in many ways, they are responsible for the Shyam Ahuja phenomenon."

But that is not to say that he does no retailing. His creations are sold at franchised outlets in Paris, London, Singapore, Dubai, Tokyo, Sydney and Hongkong. From 1977 to 1985, the Shyam Ahuja collection held pride of place at the furnishings section of the US chain, Bloomingdales. He broke off that relationship because "Bloomingdales was downgrading; it didn't match my client-profile."

All the same, he has fond memories of his association with Marvin Traub, president of the chain. It was Traub who introduced Ahuja to Ralph Lauren in 1983. Ahuja has been Lauren's sole supplier of floor coverings ever since.

His partnership with one of the world's greatest designers has increased Ahuja's exposure overseas, but he's tiring of it, already. "Having Lauren's name linked to mine is an asset, alright. But sooner or later, I've got to break away and strengthen my own label."

When that happens, it will mark the second time in his career that Ahuja has sacrificed a comfortable status quo to explore new

avenues. The first was in 1963 — when he decided his father's wool export business wouldn't satisfy his entrepreneurial urge. He went out on his own, initially flogging carpets in Australia. A couple of years later, he was selling door-to-door in New York.

Success took its time in coming. The early years were "one extended nightmare." Ahuja was turned down practically everywhere. "I had to hear all sorts of comments — about how Indians had no concept of quality, welshed on deals, missed deadlines... the works." The first break came in 1969, when a Mexican friend suggested he deal directly with interior decorators. "It was time to get things organised, to find out what people wanted instead of selling what I had."

THE BIG BREAK

In Boston, he found his first client, an American who was looking for dhurries. Ahuja hurried back home to find supplies.

It was harder than he had imagined. "Nobody was making dhurries anymore." At Mirzapur, he found Sakhrullah, a master-weaver who was "all packed up and ready to emigrate to Pakistan." Ahuja convinced the man to weave him one dhurrie. It was, in his own assessment, "rubbish." But his client loved it, and ordered six more. Shyam Ahuja was on his way.

The next two decades would see him turn the poor man's all-purpose rug into an outrageously-priced decoration piece for affluent homes all over the world. Although he had never received any training in design, Ahuja decided to try his hand with his dhurries. "I found colour, depth, even poetry in dhurries." He also found financial success. And dozens of imitators.

Most of the Indian exporters burnt their fingers by aiming at the lower end of the market. "They didn't have quality products, so they thought they could get away by selling cheap — it didn't work." Ahuja refused to compromise on either front; if anything, he only went further upmarket, where price was only incidental. He widened his range of products to include carpets, bed-covers, cushion-covers and fabrics. And he stepped up quality control, too.

With 18,000 weavers, spread across the length and breadth of the country, working to his designs, keeping a check on quality was — and is — no walk in the park. Ahuja had to make it worth a weaver's while to build quality into each product. The only way to do this was to pay them well. Today, a weaver can make anywhere between Rs 100 and Rs 1,000 per square yard for an Ahuja product (he buys them piecemeal). Says the designer, with a touch of pride: "I make a neat profit, but not at my weavers' expense." Small wonder, then, that most weavers would give an arm and a leg to work for Ahuja.

A new marketing campaign, setting up additional outlets and working with architects and decorators — that's how Ahuja is going to achieve his Indian ambition

Although his business has grown in leaps and bounds over the past five years, Ahuja continues to design each creation personally. And his love for pastel and earth tones remains unabated. "I'm crazy about soft colours, that's all." So much so, connoisseurs can identify a Shyam Ahuja piece from fifty yards, just by his distinctive colour combinations.

This, predictably, has led to a slew of Ahuja look-alikes, both in India and abroad. In recent years, a Belgian outfit has flooded the US market with low-priced furnishings, unabashedly aping Ahuja's designs and shades. In Calcutta's New Market, you can pick up an "original Ahuja" dhurrie for a mere Rs 200.



AHUJA (L) & SON VIKRAM: *Sharing the burden*

Ahuja tried fighting the fakers for a while, but he realises it's a waste of time. "I've stopped caring. My customers can tell a genuine Shyam Ahuja from a fake, and they won't be swayed by price."

His price tags have been subjected to a lot of unkind digs by competitors. Kaleen Carpet's full-page ads read: "A Persian carpet for just Rs 1,100. Is that what makes Shyam Ahuja turn pale?" "I take it as a compliment," says Ahuja, with a shrug.

Many more such "compliments" lie in store for Ahuja as he turns his attention to the Indian market. But he's grooming son Vikram and daughter-in-law Meera to share the burden.

"I'll leave it to the kids to take it from here," says Ahuja. SAL will set up a separate marketing office in Bangalore to control operations with the headquarters remaining in Bombay. It has hired a public relations firm and is working on a multi-media ad campaign that should hit the market later this year.

But Ahuja isn't losing sight of the foreign markets. He's busy with plans to spread his influence wider by appointing more franchisees. He also hopes to expand his product range further; ladies' handbags and briefcases are in the pipeline, lithographs and furniture should come next. And he's still in charge of design.

Not bad, for a "lazy old man."

□ Aparisim Ghosh



APRIL FOOL?

Get rid of pests — but save your nose and your health. That's the unique selling proposition of Farheen Laboratory & Industries' latest offering — a neem-based insecticide called April.

"In the West, non-toxic insecticides are fast making waves; I expect the same to happen in India," says Farheen promoter Shakir Patel. According to him, the pest repellents used in India currently are toxic. Products like Baygon, Finit, Tik-20, all have obnoxious odours. "They also have hazardous properties. April will be a completely safe insecticide. We surveyed and found that people are looking for such a product," says Patel.

Other than being non-toxic and pleasant smelling, April is following in the footsteps of Hit which was launched around February this year by Transelektra, the maker of Good Knight electronic mosquito repellent. The company used a new selling concept of having a more convenient implement — an aerosol dispenser — as compared to the commonly-used spray pumps. April comes in simple and easy-to-use spray bottles.

A reasonable sticker price of Rs 31.50 for a 500 ml spray bottle and Rs 47.50 for the 1 litre version could go a long way in creating a niche for April in the market.

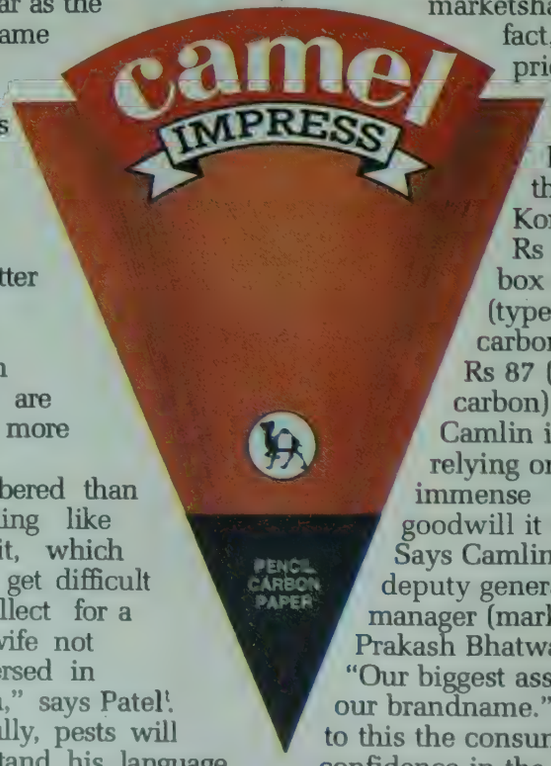
With a timely launch in mid-July, when the monsoon sets in, Patel expects to attack not only the toxic insecticide market but also the flies that are here to make you cry. "The available poisonous sprays cannot be used in kitchens and refrigerators. This is the area in which I can have an edge over them. I expect a different market and cannot say I'm competing with them," comments Patel.

As far as the brandname goes, the month's name has been chosen for better recall value. "Month names are much more easily remembered than something like Mosquit, which could get difficult to recollect for a housewife not well-versed in English," says Patel. Hopefully, pests will understand his language.

CARBON-COPYING SUCCESS?

It's ambling into a new segment. And Camlin is hoping to carbon copy its success even there. Having made an indelible mark on the art material and stationery market and equipped with a production line of virtually every saleable art material, Camlin's entry into the Rs 30 crore premium carbon paper market (for both typewriters and pencils) is bound to make waves. With good reason. The carbon paper market has pegged an annual 5–8% growth, and with only one major rival in the premium segment — Kores India (95% marketshare) — Camlin has set its sights on grabbing a 10% slice in year one itself. (Khodays is another rival, though not on a national level.)

Eating into Kores' pie is not going to be too easy a task for Camlin. So, what exactly is the company's gameplan? No, it's neither hardsell nor is Camlin slashing prices while chasing marketshare. In fact, priced a wee bit higher than Kores' at Rs 82 per box of 100 (typewriter carbon) and Rs 87 (pencil carbon), Camlin is relying on the immense goodwill it enjoys. Says Camlin deputy general manager (marketing) Prakash Bhatwadekar: "Our biggest asset is our brandname." Add to this the consumer confidence in the company's products and Camlin hopes to come up trumps.



As for its marketing plans, Camlin has no high-decibel advertising lined up. Backed by an extensive nationwide dealer network, for the first six months, it is going to be direct marketing to institutions and their ilk.

With an installed capacity of 1,500 boxes per day, Camlin's Rs 32 lakh plant is located near Dahanu (Maharashtra). As for the stationery major's rather late entry into the premium carbon paper segment, in a way it is the realisation of a decade-old dream. In the early eighties, when the company was all set to launch this yet-another product, it was confronted with a labour problem. And then, of course, there was the strategic plan of first consolidating existing businesses.

Camlin also has other plans in the pipeline. Film carbon is next on its list of new products and later allied products like typewriter ribbons. Will it eventually be a colourful performance worth penning home about? For, riding piggyback on the goodwill enjoyed by a company does pay dividends.

REGAINING PRIDE

Regaining prestige. That's the ambition the TTK group — to be precise the Bangalore-based TT Ltd, which introduced the pressure cooker to the Indian market in the early fifties — is nurturing. The company is all set to recapture its premier position which it lost out to Hawkins. Prestige, also a household name, along with Hawkins, dominates at least 70-80% of the Indian market, with

Hawkins having an 8% edge in marketshare.

Now, Prestige is taking a leaf out of Butterfly's book and has launched stainless steel pressure cookers with thermocopper bases in Butterfly stronghold Tamil Nadu. The Butterfly brand of household stainless steelware, manufactured by Gangadharam Appliances Ltd (GAL), has acquired a strong presence in the south with its expertise in stainless steel. Butterfly was also the first to introduce the stainless steel pressure cooker. But avers TTK group marketing director N.R. Nowroji: "The stainless steel cookers launched by Prestige are superior. We've created a total copper base for our cookers. Copper is infused to stainless steel which ensures uniform heating whereas Butterfly's copper bottom is electroplated which can cause deposits to be formed."

Prestige's stainless steel pressure cooker and pressure pans were launched in Tamil Nadu in the first week of May. "We've started seeding the Tamil Nadu market and will be test-marketing for six months before we start selling in other states," says Nowroji. Stainless steel cookers will cost 20% more than the aluminium ones and Tamil Nadu is likely to be the largest market for the product because of the perception of steel as more valuable and hygienic as opposed to aluminium in that state. Prestige will try to consolidate itself first there.

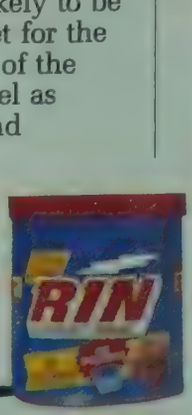


The overall market as such for steel is minuscule. In a 4 million cookers per year arena, around 96% is aluminium and the remaining steel.

Six months down the line the plan is to expand in stainless steel and go in for cookware in the premium range. That should add more sheen to the company's name.

BUBBLE POWER

The pitch is powerful. At one 'spoonful a bucketful' and claimed bountiful money saving, Hindustan Lever's Triple Power Rin seems to be going all out to win the hearts and hands of Bombay housewives. The detergent big boy has adopted a new marketing strategy to resuscitate the limping brand: direct selling. Since end-February this year, Levers salespersons have been knocking at doors in the metro, sachets in hand and with discount coupons tagged on.







Why the sudden shift in selling strategy after being in the market for more than two years? The grapevine has it that Triple Power Rin has landed in a slippery spot. In the cut-throat market for detergents, Triple Power Rin, launched in late 1989, has reportedly not as yet managed to carve a niche for itself. Quashing rumours is Levers spokesman Allan Rego: "The 1990 results have been encouraging. The prospects are good." Then why go the direct route? "We want to introduce and popularise our product among people who have not tried it out. It is a new concept, economically viable and ensures safer cleaning," says Rego.

Industry pundits, however, say that Levers is scrambling to consolidate and pre-empt Procter & Gamble's (P&G's) Ariel Microsystem's foray into Bombay. Though categorised in the upper premium segment (Rs 72 per kg), Ariel has its own trump card of a quicker, safer, and "great, clean" wash.

Launched six months ago in Visakhapatnam, Ariel is winning laurels for itself. "It has already captured 10% of the market there," claims P&G spokesman Ashok Chhabra. On 2 June 1991, Ariel was launched in a further 18 towns in Andhra Pradesh.

Another would-be scene-stealer lately introduced in the soap opera is Super Nirma, Nirma detergent's super - version. Priced at around Rs 30 a kg, Super Nirma is going to be the toughest competitor for Rin (Rs 40 per kg) as yet. Gear up for another detergent slugfest.

THE SEVEN-YEAR DITCH

It's the seven-year itch coming into play. After a seven-year advertising alliance with Pune-based S.J. Advertising, Videocon has opted for a divorce. The consumer durable topdog has fallen for Enterprise chief Mohammed Khan's charms and awarded the Videocon washing machine account to the veteran adman. Though Videocon sources say the company is scaling down its ad budget, the sum is still a pretty phenomenal one — Enterprise's billings are expected to go up by some Rs 3 crore a year, courtesy Videocon.





Duncans thinks diversification.

GROWING TENTACLES

It's rise and shine time at G.P. Goenka's Calcutta-headquartered Rs 700-crore plus turnover Duncans group, which is all set to get into quite a few sunrise businesses. An ongoing expansion of the group's paper manufacturing interests apart, Duncans is busy spreading its eggs beyond its existing baskets of tea, rayon, laminates and chemicals.



■ **BANERJEE:** *Orchestrating growth plans*

The most visible manifestation of this somewhat frenetic activity — which has led Duncans to move part of its corporate office away from Duncans House in downtown Calcutta — is the setting up of a Rs 130 crore, 12,000 tonnes per annum (tpa) acrylic fibre plant at Haldia. Christened Consolidated Fibre & Chemicals Ltd (CFCL), the unit is expected to go on stream commercially from April next.

According to Bhaskar Banerjee, wholetime director of flagship Duncans Agro Industries Ltd (Dail) and low-profile impresario of the group's growth plans, CFCL has gone in for Japanese Exlan technology. Exlan fibre, which India has been importing for the past 10 years, forms around 70% of all acrylic fibre imports of about 20,000 tpa. "Current demand exceeds supply and we are confident CFCL's product will find ready acceptance," says Banerjee.

After CFCL, the other two Duncans siblings stated to blossom in the near future are an unlikely duo: a 400-bed ultra-modern hospital and diagnostic clinic in Calcutta, and a 1,500 tpa potato chips unit. The former is a Rs 65 crore joint venture between Dail and P.C. Reddy's Apollo Hospital, Madras. A company (Janapriya Hospitals Corp) has been floated already and a chief executive (D.B. Ray) is in place. The potato chips sortie, a Dail venture, marks the tea company's maiden foray into foods. Come September, and the east's leading brand Fun Munch will be facing the competitive crunch. Banerjee says the all-important new brandname "is under consideration."

So much for the short term. In the medium to long term, Duncans is floating two new units keeping technology frontiers in mind. One is the inevitable biotechnology unit, presently starting off with floricultural activities like the cultivation and export of orchids. The other is a 100% export-oriented unit for computer software being set up in collaboration with Price Waterhouse.

A chartered accountant with a brilliant track record and a former partner of Price Waterhouse, Banerjee enjoys the wholly-deserved reputation of a finance whizkid. Now in his early forties, he seems to be naturally progressing up the corporate ladder, what with these diverse omnibus responsibilities in his charge. For Goenka, the proof of the pudding will be in its eating, but at least he has got a good cook.

Alpic notches up a creditable performance.

STAR BILLING

It's really creditable. While most companies are feeling the pinch because of the recent spate of credit curbs, few have been forced to close down. For this, they have to thank the clutch of new private discount and acceptance houses that have mushroomed in the wake of financial disintermediation and the emergence of new financial instruments.

The biggest of these private discount outfits is the Bombay-based Alpic Finance & Leasing. "About half-a-decade ago, there was no bill culture in India. When credit was scarce, companies were in trouble. It is not so now," notes the company's managing director S. Ravi Kumar. The result: an exponential growth in Alpic's bread and butter business of bill discounting. "We have come out of all this stronger," admits Ravi Kumar.

Despite stiff competition from bigger outfits like commercial banks, Alpic has managed to hold its ground. Its main advantage is better service standards and a lower cost

of funds which accrues as a result of better fund management and lower overheads.

Yet, despite his rapidly-expanding bills portfolio (with an estimated Rs 325 crore outstanding at any point of time), Ravi Kumar is a slightly worried man. His fear is that while the sun is shining on the bills discounting market, the lack of proper regulations may invite undesirables to make hay. "Private sector discount houses cannot be wished away. The Banking Regulations Act is not applicable, while that regulating non-banking financial companies was designed for chit funds and not professional fund managers like us," says Ravi Kumar. "Without proper laws and the current high yield rates, all sorts of people may want to jump in. We should avoid a repeat of what happened to the leasing industry in 1985," he adds.

Besides bill discounting, Alpic's other divisions deal in money markets, merchant banking and leasing and hire purchase. However, like most other finance companies, Alpic uses its leasing business essentially as a tax shield.



RAVI KUMAR: *Building on bills*

But bill discounting is currently where the action is. "Private sector discount houses like us can no longer be wished away," says Ravi Kumar. India's cash-strapped corporations must be wishing on similar lines.

Tara Sinha McCann-Erickson has taken off.

AN ADVANTAGEOUS CONNECTION

Even as the advertising industry is complaining about the coming crunch, veteran Tara Sinha is gearing herself up for an ambitious 30% growth in billings in the current year (1991-92). What makes Tara Sinha so bullish at a time of predictable doom? Part of the reason is the ratification of the association of her outfit with McCann-Erickson Worldwide (1990 billings: $5.3 billion). Even though McCann's acquisition of a 40% stake in Tara Sinha Associates (TSA) was announced nearly a year back, the actual formalities have only just been completed.

TSA has also acquired a new image and name — Tara Sinha McCann-Erickson (TSME). This association, it is expected, will result in a major infusion of professional expertise and resources which will tone up the services of the agency. Says Tara Sinha: "Full support and servicing inputs are now available." Two members of McCann Worldwide have been inducted on the TSME board to ensure this.



SINHA: *Upbeat mood*

Sinha is, however, equally interested in the tangible benefits that this joint venture can throw up. Particularly helpful will be access to a vast battery of multinational companies (MNCs) which are traditional clients of McCann-Erickson. This includes an impressive list — Gillette, Coca-Cola, Unilever, American Express, Goodyear and Johnson & Johnson. While some of the accounts of these subsidiaries are with TSME, the new active association will definitely give it an edge now in bagging more of them. Of particular interest will be the Coca-Cola account as and when it materialises in India.

Even as TSME is thinking big in its efforts to expand its portfolio, Sinha is also actively exploring avenues for further diversification. With a market research agency (Admar) and sales promotion outfit (Result) under her belt, she is chalking out further forays. The next diversification will probably be into the crowded financial advertising sector.

Amidst this new association with Tara Sinha, McCann-Erickson has sought to expand its base in the country in other ways. It recently tied up with a small Bombay-based agency — Press Syndicate. Headed by a former McCann and TSA manager Prabh S. Kang, it will be interesting to see how McCann manages its association with both. Riding two horses could throw up some problems.

Archies has played its cards right.

EMERGING TRUMPS

It's a Rs 75 crore market that's clipping ahead rapidly. And though some 50% of it is gobbled up by the unorganised sector, the greetings card business has its share of standout performers. And heading that pack is the Delhi-based Archies Greetings & Gifts.

Today Archies is the only greetings card manufacturer in India which has taken the franchising route. Besides, it is the first card-maker to hit commercials on the national TV network. Says Archies managing director Anil Moolchandani (37): "The concept of an Archies Gallery was conceived to enable us to fully exploit the potential of our range of products in terms of presentation and display, and to provide consumers with a choice, at one point of sale, of the entire Archies range." That range is nothing to sniff at. It includes posters, stationery, calendars, songbooks, stickers, gifts and even soft toys.



■ AN ARCHIES GALLERY & MOOLCHANDANI (INSET): *Bright days ahead*

Ideal location. The first Archies Gallery was set up in Kamala Nagar, Delhi, an area having a number of colleges. Thanks to this ideal location, it took off. Armed with the success of this outlet Moolchandani set about marketing the concept of franchising outlets with some aplomb. Today, Archies has, over three years, set up a chain of 30 outlets hawking its cards. Some 15 more are gearing up for the kickoff.

What are the factors that can be attributed to Archies emerging a winner? Well, for one, it offers cards which cater to a number of occasions, needs and feelings. Second, Moolchandani has in no way been stingy on variety, creativity and innovation. In 1983, he tied up with Walt Disney of the US and obtained a licence to use 80 Disney characters for merchandise on paper products. A little later, he bagged the character rights from United Publicity for Dennis the Menace. Even competitors today, despite hurling brickbats, accept Archies' good run. Quips a rival: "Their (Archies') policy is just lifting ideas from foreign cards which is not a very healthy trend. But it is a fact that Archies are doing very well."

Moolchandani, however, is not resting on his laurels. With the domestic market in his pocket, he's set his eyes on Europe. His cards are already sailing to Singapore, West Asia, the Philippines and Mauritius. Says Moolchandani: "Our aim is to get Archies international brand recognition through exports." Archies' turnover, today, is a cool Rs 4.5 crore. Will the export thrust arch that figure further up?

Sanmar is aiming for a technological edge.

DEFINITE GOALS

He knows where he is going; the vice-chairman of the Rs 178 crore Chemplast India, N. Sankar, is a savvy industrialist. His strategy has been simple. The first prong is to obtain a technological edge and the second is to get into a niche market and be the leader in that specialised segment.

It is this philosophy that Sankar has put into operation in promoting his Sanmar Engineering Corp (SEC), a clutch of six, fast-growing engineering companies, one of which is Singapore-based. With a combined group turnover of Rs 40 crore, SEC, which makes equipment for the process industry, enjoys a marketshare ranging from 40-90% in its product profile.

Says Sankar: "We are one of the most diversified groups in the process equipment market."

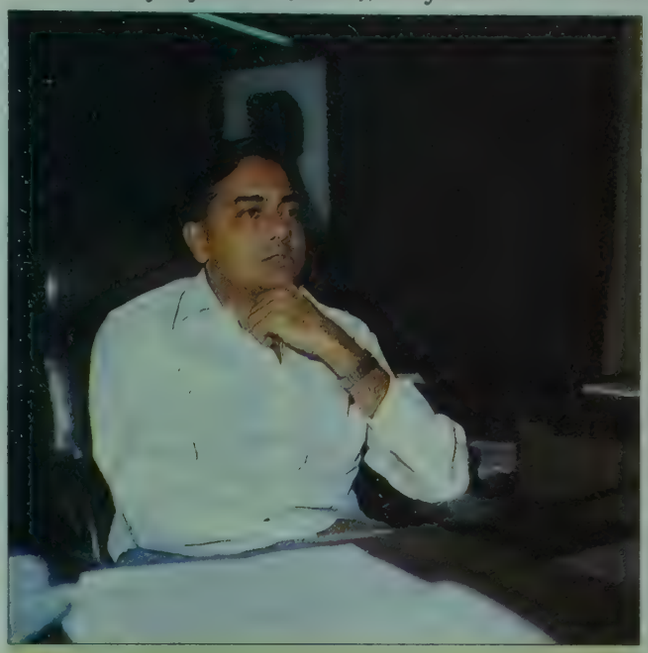
Sanmar is an amalgam of the first syllable of Sankar's name and the second syllable of N. Kumar's, Sankar's brother and chairman of the Indchem group, another fast-growing group in the field of medical electronics and computers. Sanmar had its genesis in 1976 when Sankar, who was then with Chemplast, struck out briefly on his own from the company his father founded. His first sortie — Durametallic (India) — was set up

in association with Durametallic of the US to make mechanical seals, a device used to prevent leakage of fluids from flooded chambers.

Till 1975, the Indian process industry was importing mechanical seals. Along with being an indigenous supplier, Durametallic's startup coincided with the growth of the petrochemicals industry in India. "Durametallic has been in a highly-competitive environment right from the start but by constant technological innovation we've achieved excellent progress," comments Sankar.

Durametallic was just the beginning. Now, 15 years down the line, the SEC group comprises six companies which make critical components for the fertiliser and petrochemical industries and nuclear power plants. All tieups for the companies are from the US and some big fish have been roped in. "We bought the best names in each product. We had decided early on that the technology chosen should be contemporary in terms of world standards," explains Sankar.

Almost all products that Sanmar makes are import substitutes. BS&B Safety Systems (India), 10 years in existence, is the second-oldest company in the group after Durametallic. It produces a safety device called the rupture disc and today has a 100% monopoly of the market. Before BS&B set up shop in 1981, the entire requirement of the Indian market was imported.



SANKAR: *Gung-ho about growth*

The other constituents of Sanmar are Xomox India, which makes teflon-lined valves, Moorco, which is into flow meters, and Asco (India) which makes solenoid valves. "Our direct exports from the group would be in the region of Rs 1 crore but indirect exports will be about Rs 17 crore," says Sankar.

But apart from BS&B Systems which has a stranglehold on the market, it is a very competitive field in other products which are not high cost in terms of investments but are high value-added.

The next venture will be to make precision springs and specialised instruments. Sankar is gung-ho about growth: "This year we expect a 30% growth and we should be a Rs 80 crore group in three years' time," he says. Needless to say, Sanmar has found its place under the sun.

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Concern for business ethics is growing.

A QUEST FOR A GOLDEN MEAN

'Adam, Adam, Adam Smith
Listen what I charge you with!
Didn't you say
In class one day
That selfishness was bound to pay?'

An increasingly growing contemporary social concern centres around the seemingly dizzying popularity in business today of Adam Smith's 215-year-old principle of self-interest maximisation. The fallout: with competition getting to be more and more cut-throat, the fine line between being savvy and shady is disappearing.

But though ethics is a subject of much concern, it is hardly a topic of debate currently. After all, everybody agrees that business people should act ethically. And like sex, corruption is not a topic to be openly discussed. Tax evasion, black money and bribery are non-existent if one goes by today's chairmen's speeches, management education curricula and — yes! — even the business media.

Rues J.R.D. Tata: "Alas, conditions have changed and I have often asked myself what were the main causes responsible for the deterioration in business morality and for the unethical business practices which have become so prevalent in our country today."

To answer, Tata has lent his support (and name) to get the JRD Tata Foundation for Business Ethics at the Xavier Labour Relations Institute (XLRI), Jamshedpur going from this academic session. "There is indeed a need to rekindle old principles and ethical values which have too often been ignored or neglected in recent years in the false belief that quicker profits and greater accumulation of wealth would be the result," noted the patriarch in his recent inaugural address at the Foundation's establishment.

Without mincing words, Tata expressed his dismay and sadness at the number "of the more fortunate people in our country" who not only obliviously indulge in unethical self-enrichment but also flaunt their illegal gains by ostentatious living and conspicuous spending. "Immense damage has been caused to the image of private business and industry through the depredations, misdeeds and conspicuous expenditure of a few individuals heading large enterprises who, in their pursuit of wealth, profit and self-aggrandisement, have wantonly disregarded the public interest," lamented Tata.

As a realist, Tata doubtless knows that by trying to stop corruption, he would appear as foolhardy as King Canute ordering the waves to roll back. Instead, to publicly affirm the urgent need for ethics in business,



Immense damage has been caused to the image of private business and industry through the depredations, misdeeds and conspicuous expenditure of a few individuals

J.R.D. Tata

he has planted this seed at XLRI to ensure that its alumni possess a "capacity for business judgment that is enlightened by a sensitivity to obligations and rights, one's own and others'."

According to XLRI director E. Abraham, the total endowment of the JRD Tata Foundation is expected to be around Rs 25 lakh; one of its aims is to establish a JRD Tata chair in Business Ethics at the institute. Incidentally, this topic is already a core subject of the XLRI curriculum, and the paper covers fundamental concepts of ethics and morality, values, attitudes, social responsibility and the "intricate interplay between these concepts and the harsh realities of business life." Says Abraham: "We help students to find their own solutions to these issues."



ABRAHAM: *Helping students find solutions to ethical dilemmas*

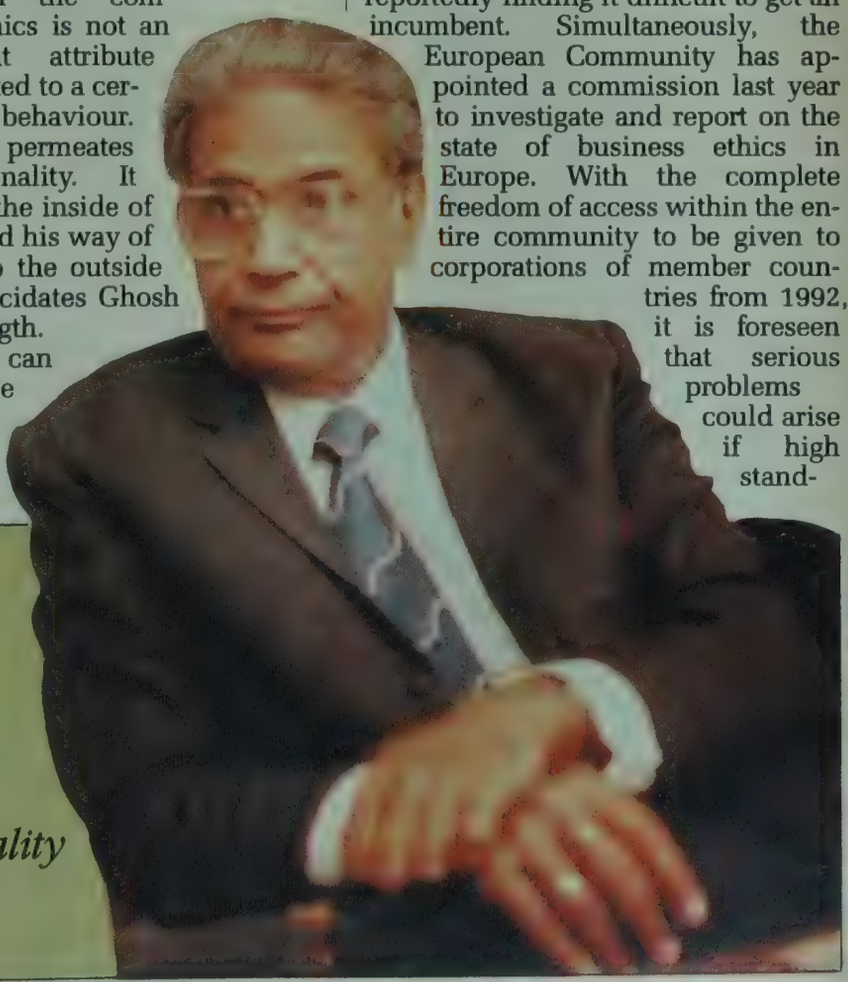
Coincidentally, Bombay University is also in the process of establishing a Jamnalal Bajaj Centenary Foundation chair in Ethics in Business, following up on a Rs 25 lakh endowment placed with the Jamnalal Bajaj Institute of Management Studies to mark the industrialist's centenary. The institute's director P.K. Ghosh explains that Bombay University is in the process of revising the master in management studies syllabus: "It is envisaged that Ethics in Business will be one of the core subjects in the revised syllabus and, as such, a compulsory one. However, we are going ahead with Ethics in Business as an optional paper in the existing programme till the change takes place."

Ghosh opines that the basic question to be asked in the present-day concept is best stated as follows:

"Is ethics in business good business or bad business?" He says that an Indian's mental content is very complex. Saying one thing and doing the opposite is common practice; qualms of conscience, if any, are salved by ritual cleansing via the *puja, yagna* or *havan* route. This is as good an explanation as any why individuals who might be otherwise deeply religious do not balk from maintaining parallel accounts or reporting systems.

"Ethics flows from human psychology and human behaviour based on value systems and perceptions, all of which get translated into business behaviour in the community. Ethics is not an independent attribute per se, limited to a certain part of behaviour. Rather, it permeates the personality. It deals with the inside of a person and his way of adjusting to the outside world," elucidates Ghosh at some length.

One can derive some satisfaction, perhaps, from the fact that two management schools in India are proactively setting up professorial chairs in ethics. They are on the same wavelength as the celebrated Harvard Business School, which has now accepted a $25 million grant to establish for the first time a chair in business ethics — and is reportedly finding it difficult to get an incumbent. Simultaneously, the European Community has appointed a commission last year to investigate and report on the state of business ethics in Europe. With the complete freedom of access within the entire community to be given to corporations of member countries from 1992, it is foreseen that serious problems could arise if high stand-



Ethics is not an independent attribute per se, limited to a certain part of behaviour. Rather, it permeates the personality

P.K. Ghosh

FOUR ETHICAL CONUNDRUMS

■ **'Frequent flyer' privileges.**

Most frequent flyers travel on business. There is the ethical question of the propriety of giving the bonuses — which in essence are rebates on the ticket price — to the traveller and not to the company paying for the travel.

The marketing reasons for doing so are clear: it is the traveller who decides which airline to take. So, the benefits go to the individual, while the costs are assigned to the company. In extreme cases, there is the executive who insists that others in his department accumulate their credits for his use. This is not an ethical dilemma in the true sense of the term; rather, it represents personal dishonesty in taking some benefit that belongs to others for an individual's own use.



This example holds good for hotels offering guests special benefits or gifts (including flying out the spouse on a complimentary basis) for staying a certain number of nights a year, or more.

■ **Cigarette marketing.**

Cigarette sales in the US and Europe have been declining since 1978 owing to the personal concerns of most consumers about health and the legal prohibitions of most governments against cigarette advertising. Yet, in most Third World countries, cigarette companies (usually with multinational affiliations) use 'image' advertising, widespread distribution and simplified pricing to increase volume. The advertising inevitably depicts successful members of the dominant racial or ethnic group, smoking cigarettes in enjoyable and enviable surroundings. The distribution is through local shops and markets, to make cigarettes readily available. The pricing is often not by the pack but by the single stick, to make them easily affordable. For multinationals, in particular the result has been substantial increases in global sales.

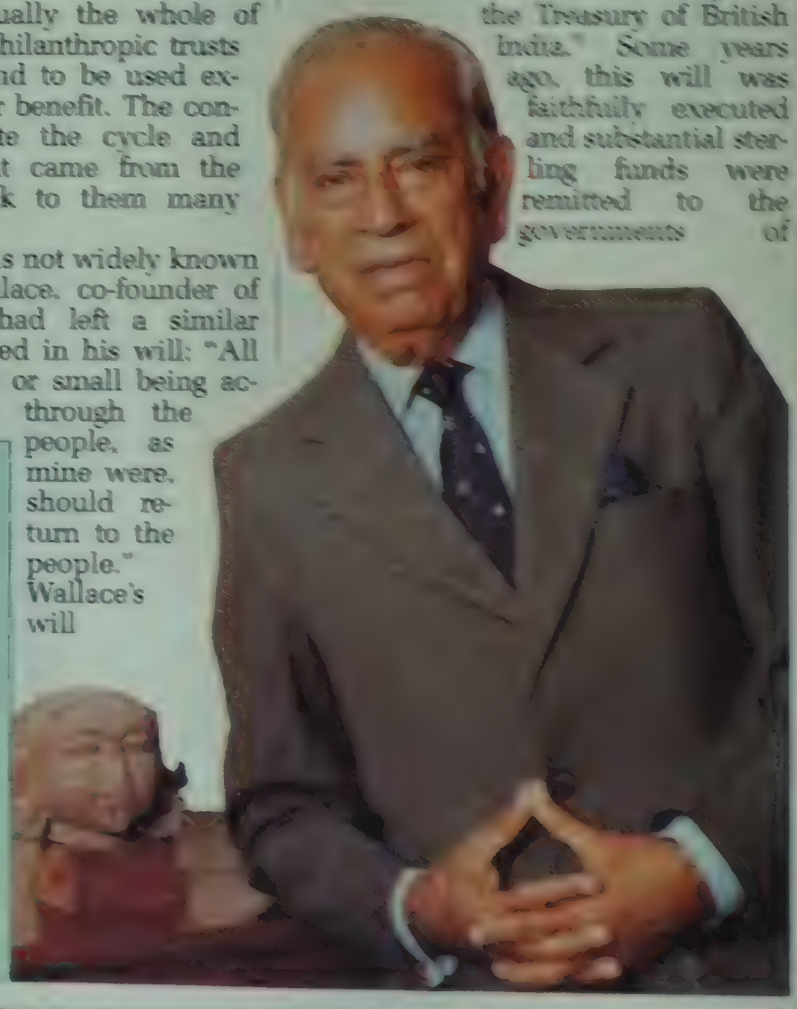
ards of values and ethics are not maintained.

There is sufficient evidence on the Indian scene that XLRI and the Bajaj Institute have moved in the right direction. Independent studies reveal that not only is there awareness of business ethics, but a growing concern for it exists as well. Corruption, greed and redtapism, so pervasive in their effect, are seen not only as obstacles to fair business practices, but a stumbling block to good business and economic progress.

During this year's marketing fair at XLRI, says Abraham, an opinion survey of 125 executives was conducted. All of them believed that industrial organisations should uphold moral values. However, as many as 70% of them felt that it is difficult, if not impossible, to be honest while managing Indian organisations.

Like every proverbial dark cloud, this one too has its silver lining: organisations with an ethical halo have a multiplier effect on business society, giving them leadership and influence more than one asked for. The house of Tatas is an apposite example, and its halo can be appropriately traced to Jamsetji Tata and his sons, who placed virtually the whole of their wealth in philanthropic trusts for the people and to be used exclusively for their benefit. The concept: to complete the cycle and ensure that what came from the people goes back to them many times over.

Incidentally, it is not widely known that Charles Wallace, co-founder of Shaw Wallace, had left a similar legacy. He declared in his will: "All possessions great or small being acquired from or through the people, as mine were, should return to the people." Wallace's will provided that the capital of his residuary estate should eventually be divided "in equal moieties between the British Treasury and the Treasury of British India." Some years ago, this will was faithfully executed and substantial sterling funds were remitted to the governments of



Ethics has its own strains, but once its compelling logic becomes an accepted code, its conformity gives all a general satisfaction

Prakash Tandon



■ Truth in advertising.

Truth in advertising is a complex issue, and an emotional one. A rigidly truthful television or magazine ad, every statement of which is supported by a reference to a scientific study, would be incredibly dull and probably ineffective. A totally untruthful television or magazine ad, with wildly exaggerated claims, would be illegal and probably equally ineffective. Varying degrees of truthfulness and deception lie between these two extremes. Where does one draw the line?

■ Workforce reductions.

It has become common to reduce the size and the overhead cost of many large companies to create a 'lean and mean' style of management. These downsizing operations are generally a response to an increase in competitive pressures, but there is an obvious human cost to the people forced to leave.

This is a difficult issue because it throws the economic returns and the social obligations of the company directly in conflict. It is necessary to look at the alternative, but many of these alternatives are often weak. Early retirement has a nice "voluntary" sound, but it is alleged not to be truly voluntary in some instances. The true problem might be that, given the competitive nature of many basic industries, the number of alternatives for meaningful cost reduction is limited.

Economic analysis is useful here. Exactly what will be the financial consequences of a smaller organisation? Obviously, overheads will be reduced, but will contraction improve competitive capability — in product development, market expansion, customer service, quality control and worker productivity?

Moral analysis in workforce reduction also has to focus on who receives the benefits and who bears the costs. Is there any acceptable way to lessen those costs, or to redistribute those benefits? For instance, would it be more equitable to spend more on the re-training and assistance of displaced workers and less on the salaries, bonuses and perquisites of senior executives?

This is an issue which will confront many persons concerned with an ethical approach to management as business conditions become more global and more competitive.

India, Pakistan, Bangladesh and Burma as co-successors to 'the Treasury of British India.'

Yet, despite such examples, one question that has resisted easy answer is: 'how can a company best train its managers to be moral?' Simply offering a list of rules to memorise will not create moral managers; and no book of restrictions and guidelines can treat every problem that will arise. "Do you suppose if a guild of directors formulated a charter of dos and don'ts the ethical base of business would improve? Forget it," says Gujarat Ambuja Cements managing director Narotam Sekhsaria, one of the few businessmen who spoke to *BusinessWorld* for the record on the subject of ethics.

Every day, numerous conflicting situations arise when the managerial decision-maker has to choose between two difficult options: vendor development vs profitability, shareholders' interest vs staff members' interest, growth objectives vs local people's welfare, misleading advertisements vs loss of sales, and so on. In all these cases, it is normal for businessmen to think not in terms of morality or ethics but of cost-benefit.

As a practising manager, Sekhsaria concurs: "It is impossible to enunciate any general principles; it's all a question of striking a balance. As a general rule of thumb I would say that if you are entitled to something and to speed up your getting it you offer a gift, that's not reprehensible. There are certain grey areas where it is impossible to say whether an action is above board or not. In such situations, I may not ask myself whether a particular action is right or wrong but rather, 'How right can I be?' The other point is that if you hit below the belt, remember there's always a competitor who can hit two inches lower."

To answer the oft-raised question: 'when does an honest gift cease to be a gift and become a dishonest inducement?', management icon Prakash Tandon recalls one of his early experiences at Levers 50 years ago.



The point is that if you hit below the belt, there's always a competitor who can hit two inches lower

Narotam Sekhsaria

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His young Swedish bride, recalls Tandon, was embarrassed at receiving the Diwali hamper of fruit and sweets from one of the company's distributors. As a young executive, Tandon raised this with his chairman, an Englishman. The latter said that he, too, had wondered about the propriety, but on being told that Diwali gifts were a custom of the country, had let it pass. As the war progressed, prices rose and scarcities grew — and a bottle of whisky came to be tucked in the basket.

Soon afterwards, a field supervisor approached Tandon in confidence about a salesman who had accepted a gift of Rs 50 from the distributor. Reportedly, the salesman had protested but he was told that his sahibs had a Diwali gift worth more; so would he prefer it in kind or in cash. "Surely, you can do more with Rs 50 for your family than a basket of sweets and flowers," argued the distributor. The salesman gave in.

Tandon recalls that the next morning he spoke to the chairman again. This time, he decided to put a stop to the basket. A perfectly innocuous custom had become translated into the beginning of corruption down the line.

"Ethics has its own strains, but once its compelling logic becomes an accepted code, its conformity gives all a general satisfaction at both the personal and institutional levels — provided the example of taking the hard choice and shunning the soft option is set from the very top. No exceptions can ever be made," notes Tandon.

Two aspects are important here. First, people in leadership positions must expect their behaviour to be seen, scrutinised, assessed, discussed and questioned. Secondly, the business leader is a change agent — not a victim of the environment but one who can change it. Cynics might sneer that today the fear of almighty God has been replaced by the fear of the all-powerful politician and the all-resourceful bureaucrat; but the point is that politicians and bureaucrats have their own fears and vulnerabilities.

In business ethics, it seems, the quest for a golden mean is likely to be as fruitless as the search for El Dorado. Yet, respected managers like Tandon do see a way out. In the new value system, the social characteristic of loyalty is shifting focus from person or family to professional values and ethics.

A surgeon's loyalty is to the profession of surgery and its ethics; a professional manager's to the ethics of business management. In the event of a clash between one's values and the interest of the hospital or company, they will, hopefully, choose their professional values. Modern managers are therefore called 'propertyless managers:' they manage without owning, and are arguably better able to take the hard choices than the owner-manager to whom the gain or loss is immediately personal. "Fortunately, today's growing strength of professionalism in management helps the ethical process," notes Tandon.

In the ultimate analysis, perhaps, one must agree that society sets the ethical framework within which those who run companies have to work out their own codes of conduct. Responsibility for decisions, therefore, runs both ways. Business has to take account of its responsibilities to society in coming to its decisions, but society has to accept its responsibilities for setting the standards against which those decisions are made. And Adam Smith's dicta are not necessarily gospel truth.

□ Sujoy Gupta

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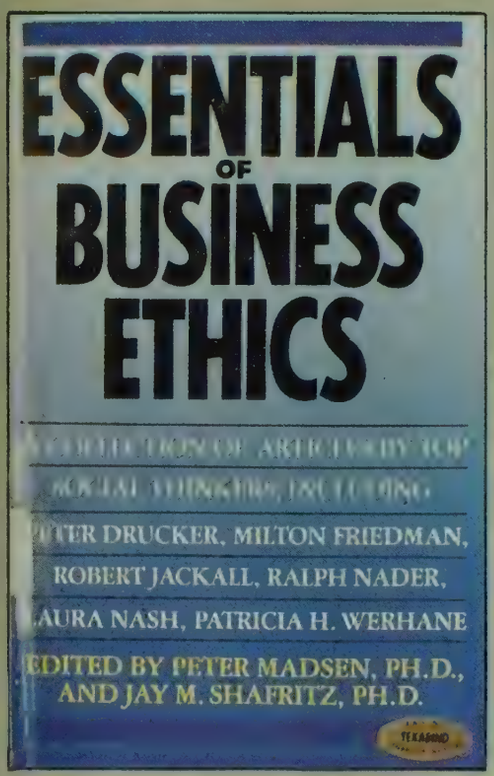
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ETHICS: EAST MEETS WEST

A crop of serious management literature has rolled off the presses lately on the topic of ethics, no doubt reflecting worldwide concern on this subject.

To focus special attention on this hitherto neglected area of business management, and to expand the debate raised in our accompanying feature, we append two thought-provoking extracts from recent publications in the US and India respectively. These extracts are followed by two further references — again, one Indian and the other foreign — for those interested in detailed reading on ethics.

WHITE-COLLAR MISCHIEF



(Penguin Books USA Inc, New York; 1990; pp 407; $10.95.)

In the minds of many, the term business ethics is an oxymoron — two juxtaposed concepts that result in self-contradiction, like jumbo shrimp. The underlying reason for this cynical attitude probably has a great deal to do with the fact that recently there has been a rash of highly-publicised instances of business executives allegedly engaged in unethical, questionable, or illegal activities. "Managerial mischief" appears to be on the increase, so much so that people become jaded and tend to think of business as inherently corrupt and beyond ethics.

Unfortunately, the list of these instances continues to grow. It includes the almost fictional escapades of Ivan Boesky, whose insider trading shook Wall Street. Likewise, Wall Streeter Michael Milken's potential fines for illegal behaviour as an executive at Drexel Burnham Lambert will surely make the *Guinness Book of World Records* if he is eventually found guilty of the many violations of trading law the government says he has broken. Also, anyone familiar with the unfolding crisis of the nation's savings-and-loan industry knows that one main cause is the questionable and often illegal wheeling and dealing — not to mention outright fraud — of many leading savings-and-loan executives. Here we have a case where such conduct may bring an entire industry to its knees.

Another highly-publicised record of managerial mischief within a single industry that has given business a bad name concerns defense contracting. It often seems that this particular group of technically specialised businesses has a unique set of business values that promote unethical and illegal activity. Time-card fraud, overbilling of the government, the billing of personal items, intentional overpricing of materials, and the use of "Pentagon consultants" to garner inside information from government purchasers have all been well-documented over the years.

Cases of wrongdoing in business are not confined to particular industries such as finance or defense contracting. They occur almost across the board, as exemplified by Beechnut, where apple juice for infants and children was switched with a nutritionally-questionable substitute; by A.H. Robins, whose executives knew that its Dalcon Shield intrauterine device could cause injury but marketed the product nonetheless, with the result that some 88,000 women made claims against the firm; by Johns-Manville, which knew for some time that asbestos was carcinogenic but withheld its research from public disclosure and continued to sell it; by Chrysler Corp, whose executives drove brand new cars, illegally readjusted their odometers, and then sold them as new rather than used; and by Ford Motor Co, which knew its Pinto gas-tank design was flawed but opted for production, based upon a cost-benefit analysis that showed it would be less costly in the long run to settle lawsuits from those injured and the estates of those killed than it would be to change the design.

These cases and the startling rate of white-collar crime presents business ethicists with occasion for reflection upon the nature of American managerial practices. What are the generic causes of such mischief and illegality? Is the root cause a matter of individual psychological makeup, where greed and personal aggrandizement are the main motivations? Or are there organisational pressures that can be identified as causative? What preventative measure can be taken to stem white-collar crime and managerial mischief? Do the increasing instances of misconduct by managers warrant a whole-scale condemnation of the free-enterprise system? Or should we only conclude that "in every barrel there are a few rotten apples?" These are among some of the essential issues debated and questions raised by business ethicists within the context of managerial mischief.

There is yet another set of issues that occupies the attention of those interested in understanding business ethics — the problem, issues and dilemmas that have been called "moral mazes in management." While

the critics of business may find managerial mischief to be at the crux of the field of business ethics, others with a more philosophical bent see the numerous quandaries managers must face in their careers as likewise worthy of attention. Thus the essential issues of "managerial mischief" and "moral mazes in management both fall under the rubrick of management ethics." Consequently, this chapter not only highlights the questionable practices of managers and their white-collar crimes, but also emphasises the fact that managers must confront and resolve a wide variety of ethical situations in the workplace.

One of the more pressing moral mazes managers must navigate is that of whistle-blowing. If an illegal or unethical act were to be witnessed on the job, what obligations does a manager have to report it? Whistle-blowers in our society are not well received. Children have long been taught not to be a "squealer." In blowing the whistle one runs the risk of being ostracised by one's co-workers,osing one's job, and being blacklisted in one's field. Should the fact that whistle-blowing entails considerable personal risk be a factor in reaching the decision of whether or not to report wrongdoing? Or, on the other hand, do managers have an overriding responsibility to make such reports, regardless of the personal consequences?

Whistle-blowing has become an essential issue in the area of management ethics because it brings together so many difficult questions on both the personal and organisational levels. Individual managers must often wrestle with their conscience over their responsibility to blow or not blow the whistle on a colleague or their organisation. Even after the decision to make a voluntary report of wrongdoing is reached, the individual must make further crucial decisions. How should the whistle be blown? Does one report what is known anonymously? Should the report be made internally, or does one go to the proper legal authorities or even to the press? What protections, if any, are afforded the whistle-blower?

Whistle-blowers in our society are not well received but ostracized

But unfortunately, the dilemma of whistle-blowing is not the only moral maze managers must be prepared to resolve as they progress through their careers. In their daily workday, any number of ethical issues might present themselves. A short list of such moral mazes would include: recognising the problem of conflicts of interest and how to avoid them; deciding if a business gift is just a gift or more like a bribe; attaining fairness in employee-performance appraisal; reaching a decision to fire an employee; executing the order to downsize a unit; managing a problem employee; taking reports of wrongdoing on the job; safeguarding proprietary information and recognising and balancing the legitimate interests of those who hold a stake in corporate decision making, such as shareholders, customers, employees, suppliers, and the communities in which they all live.

The contemporary manager is confronted with so many ethical issues that being adept at moral philosophy and possessing the skills of moral reasoning become necessities, along with having the technical knowhow demanded by one's position. Being aware of one's managerial responsibilities and fulfilling them may mean the difference between professional success and failure. All too many careers have come to a grinding halt because of a neglected responsibility.

OF VALUES & DISCIPLINE

(Somaiya Institute of Management Studies & Research,Bombay; 1991; pp 173; Rs 150.)

The present author, while conducting a workshop for a group of managers in a private sector company, was asked a question by a young MBA: "Do the values work?" In another workshop held for a public sector corporation another young MBA said that values are relative and so distinction should not be made between good values and bad values.

These experiences gave an impression that the significance of the word "value system" spoken of by the western behavioural psychologists created confusion in the minds of some young Indian managers. Others, though they believe in good values, have become skeptics because they think that in the present society, where corruption and nepotism are rampant, one will be a loser if one practises good values. However, to know more about the Indian managers' mind, I raised the issue in the training programmes conducted for Indian Oil Corp (IOC), Bank of India, General Insurance, BARC (Bhabha Atomic Research Centre, Trombay) and Reserve Bank of India. The issue of values was raised purposely to note the response of the Indian officers. According to my diary, out of 129 participants, 106 men and women try to stick to the good values to the best of their ability, 16 are skeptics (that is they believe in good values but think that these do not work in practical life), and according to seven participants values cannot be termed as good or bad as the values are relative.



In an IOC training programme two participants raised their argument like this: "There is a difference between Indian values and American values, between Tisco values and Reliance values, between ancient Indian values and modern Indian values; and thus these values are relative. So, one's value-system cannot be questioned." Next I asked all the participants — what do they expect from their colleagues, family members, subordinates, and bosses? Their answer was like this:

- **Colleague:** cooperation; understanding; friendliness; no hyprocrisy.
- **Wife:** love; understanding; cooperation.
- **Boss:** trust; sympathy; man of integrity; no politics.
- **Subordinate:** respect; being dutiful; cooperation.

The discussion proceeded further and the group came to the conclusion that basic human values remain constant though their expressions may vary. A man expects friendliness from his colleagues, love from his wife, boss's sympathy, and respect from the subordinate. Apparently there is difference among friendliness, love, sympathy and respect. But here the content is the same, the difference is in forms. Then the faculty put a question: "Will you mind your son telling you lies if this suits his value-system?"

Here the two participants, who said that value-system should not be questioned, remained silent.

Many officers or managers have misunderstood the western behavioural psychologists. According to these psychologists, we should not impose our values on others and should not judge somebody from our standpoint of values. But what do they really mean? To help somebody we have to understand his perceptions first, not criticise. That was what Sri Krishna did in the Gita. Once we understand him, we can help him to overcome his false values. Western psychologists certainly do not say that there are no wrong or harmful values — RET specialists help the clients to come out of irrational beliefs or perceptions and thus instil the right approach towards life and others; these specialists do not encourage the parent ego-state but help the people to cultivate an adult-state of ego.

So, human values are important in an organisation or an industry. What does a business partner expect from another partner? It is trust and honesty. What do the subordinates in a company expect from the management? It is equality and justice.

Moreover, even if we accept, for argument's sake, that values are relative, we have to admit that in the Indian context Indian values are the most important. To get things done a manager has to adapt himself to this particular value system.

Managers must know the difference between a good man and a goodie-goodie man

Another important issue may be raised. As we have noted earlier 16 of the 129 managers are skeptics because they think practising good values in a corrupt society may not be possible. They have made a simple mistake; they do not notice that there is difference between a good man and a goodie-goodie man. It is said in Sanskrit that a leader should be more tough than the thunderbolt yet more tender than a flower. The Mahabharata made a clear distinction between a good man and a goodie-goodie man. Yudhisthira was too good to resist evil. So his "dharma" could not help the Pandavas and the people. On the other hand, Sri Krishna while not accepting the throne after the death of Kamsa and after the Kurukshetra war (he was requested by Yudhisthira to be the emperor), took positive steps to vanquish the evil-doers. So according to Indian culture, one should be a good man and at the same time exercise his goodness in the social spheres to make the society a better one. Similarly in an organisation a manager should have love (utmost concern for others) yet he should maintain strict discipline.

TUG-OF-WAR



(By LaRue Tone Hosmer; Universal Book Stall, New Delhi, 1989, pp 185; Rs 150 — an Indian reprint edition of a Dow Jones-Irwin publication.)

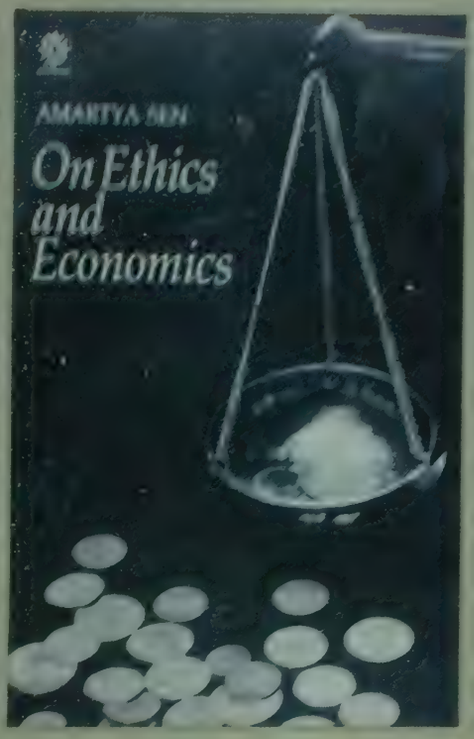
This book considers the nature of the ethical dilemma in business — the conflict between economic and social performance. Ethical dilemmas in management are not simple choices between 'right' and 'wrong;' they are complex judgments on the balance between economic returns and social damages, complicated by the multiple alternatives, extended consequences, uncertain probabilities, and career implications that are an inherent part of these decisions.

The book also examines three alternative means of arriving at a decision when faced with an ethical conflict: (a) economic analysis — relying on impersonal market forces, (b) legal analysis — relying on impersonal social forces, and (c) ethical analysis — relying on personal moral values. None of these means of analysis is satisfactory by itself. But put together the analyses do form a means, a moral reasoning that can help a manager arrive at a decision that he or she can feel to be 'right' and 'proper' and 'just.'

The author makes no effort to dictate what is 'right' and 'proper' and 'just;' instead, that is left to the individual's own moral standards of behaviour and ethical systems of belief. The intent is to help individuals understand their own moral standards and ethical norms, beliefs and values so that they can decide when faced with a business dilemma.

RELATING ETHICS & ECONOMICS

(By Amartya Sen; Oxford University Press, 1990; pp 131, Rs 60 — an Indian reprint by arrangement with the original publisher Basil Blackwell Ltd, Oxford.)



In this elegant critique, Amartya Sen argues that welfare economics can be substantially enriched by paying more explicit attention to ethics, and that modern ethical studies can also benefit from a closer contact with economics.

He argues further that even predictive and descriptive economics can be helped by making more room for welfare-economic considerations in the explanation of behaviour, especially in production relations, which inevitably involve problems of cooperation as well as conflict. Written in a clear, crisp and stimulating style, Sen provides more than a terse synthesis of the relevant literature on ethics and economics.

Mainstream economic theory identifies rationality of human behaviour with internal consistency of choice and with maximisation of self-interest. But, as Sen notes, there is neither evidence for the claim that self-interest maximisation provides the best approximation to actual human behaviour nor proof that it leads necessarily to optimum economic conditions. He refers to free market economies, such as Japan, in which systematic departure from self-interested behaviour in the direction of rule-based behaviour — duty, loyalty, goodwill — has been extremely important for the achievement of individual and group economic efficiency. An accurate interpretation of Adam Smith, he demonstrates, does not lend support to believers in, and advocates of, a narrow interpretation of self-interested behaviour either in ethics or in economics.

Modern ethical studies can benefit from a closer contact with economics

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Shipping is booming globally. But are Indian shippers...

MISSING THE BOAT?



The first favourable trade winds began to blow late in 1986. Six months later, they had grown strong enough to shake Indian shippers out of despondency; and the industry, out of a decade-long depression. Freight rates jumped from the floor to the ceiling. In a couple of years, shipping companies whose vessels had gathered moss at quayside for want of cargo were swamped with orders. Revenues went up (see table p 47), as did share prices (see chart p 43).

The boom continues. With the exception of a few hiccups last year — courtesy Saddam Hussein — and the recent stagnation of demand for dry-bulk tonnage, shippers have had little cause for worry over the past five years. And by all accounts, the ghost of the Great (shipping) Depression isn't likely to surface anytime soon. The industry has sailed out of a sea of red, into an ocean of opportunity...

Only to find itself in the doldrums.

Today, unable to move with the tide that sweeps their counterparts in other countries ever forward, the captains of the Indian shipping industry no longer speak of the profits their companies are making. Instead, they wonder, though not always aloud, how much more they could have made if they — and the government — had been gifted with a little foresight. And such introspection almost invariably leads to the conclusion that the industry has missed the boat.

The tale of chances missed begins at the fag end of the last depression. Being part of a cyclical industry, shipping companies traditionally take advantage of every trough (and the resultant slump in prices) to buy ships and enhance tonnage, in preparation for the next peak. Unfortunately, the Indian industry emerged from the seventh plan with a meagre 5.80 million gross registered tonnage (grt) — nearly half a million grt less than what it started the plan period with, and nowhere near the 7.5-million grt target.

Instead of focusing on acquiring tonnage, the industry went on a large-scale scrapping spree of old bottoms. So, when the good times returned, the companies were not in a position to exploit them fully. The first two years of the up-cycle saw shippers all over the world — notably the Chinese — go on a buying binge. Again, the Indian industry was slow to react. Essar Shipping chairman & managing director Shashi Ruia has gone on record describing this as "a golden opportunity lost."

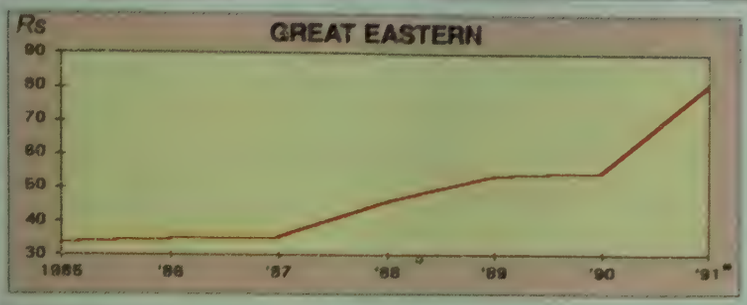
In all fairness, the industry was only partly to blame. Shippers were seriously affected by New Delhi's sloth. The government and its agencies put up hurdles to most acquisition plans, delaying approvals and clearances, blocking deals with red tape and playing thrifty with foreign exchange.

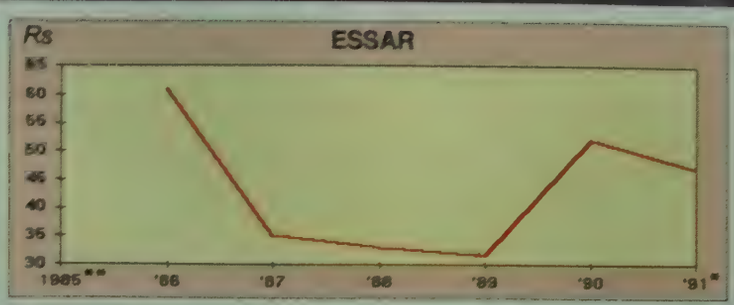
REVOLUTIONARY CHANGES

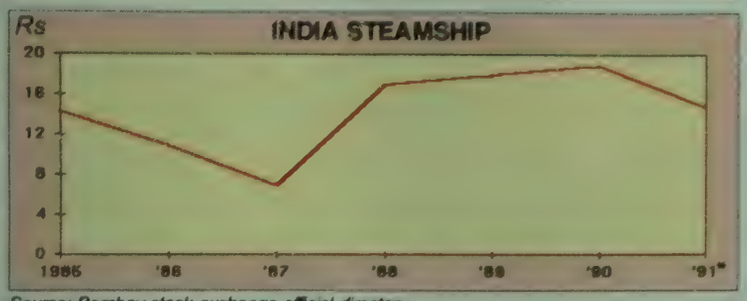
In due course, the surface transport ministry woke up to the reality and introduced some fairly-revolutionary changes. The Shipping Development Fund Committee (SDFC) was replaced by a more pragmatic Shipping Credit & Investment Co of India (SCICI). The Ship Acquisition Licensing Committee (Salc) was set up to rush through approvals. The office of the director general of shipping (DGS) was shaken up and a good deal of red tape was eliminated.

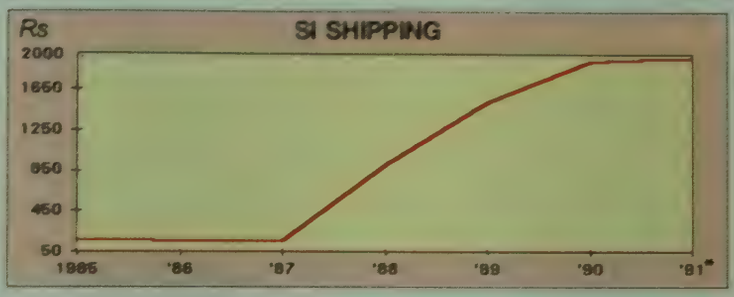
But it all came too late. Ship prices had more than doubled, operating costs had risen sharply (as had wages and insurance premia), the foreign exchange problem had mushroomed into a crisis, the country's credit rating had fallen and the political climate had deteriorated beyond belief. Says former chairman and current joint managing director (coastal & pas-

SHARE PRICES: FLUCTUATING FORTUNES









Source: Bombay stock exchange official directory
* up to 10 July 1991 ** Not available

senger services division) of the Shipping Corp of India (SCI) Jagdish C. Sheth: "The (foreign) banks were scared to lend us Indians money." The "golden opportunity" was dead and buried.

As of today, many shipping companies continue to harbour ambitious acquisition plans; but off the record, few CEOs believe they'll be able to meet their tonnage targets. The devaluation of the rupee hasn't helped. And even the SCI's controversial $750-million tonnage enhancement programme has been delayed indefinitely, probably for want of foreign exchange.

To make the most of the high ruling freight rates, the industry must acquire tonnage, and quickly. That much is obvious to most people, anyway. And, as if that isn't hard enough already (what with the forex crunch, the rupee devaluation, et al, bureaucratic bungling in Delhi and frequent delays in the granting of permission for ship acquisition only serve to make it harder, still. So much so that sellers often add what is known as "the India premium" on the price of their vessels. At SCICI's annual general meeting last year, chairman N. Vaghul admitted: "It is true that the licence restrictions on purchases and sales of ships in the Indian registry, their chartering in and out, and other facets of shipping traditionally under regulation do pose handicaps for Indian shipowners in comparison with their opposite numbers in advanced economies as well as in flags of convenience countries."

Not that shipowners are totally blameless. SCICI executive director S. Parthasarthy claims that the Salc, on its part, processes proposals at high speed. "If there are delays, it is because of the shipowners themselves. They either cannot make up their minds on the type of vessel they'd like to acquire or are uncomfortable with the price." This, he says, results in licence extensions. The first extension of six months is followed by two more of three months each. Says Parthasarthy: "Two out of three licences are carried forward like this."

We need efficiency, but it cannot be brought about by competition from foreign lines

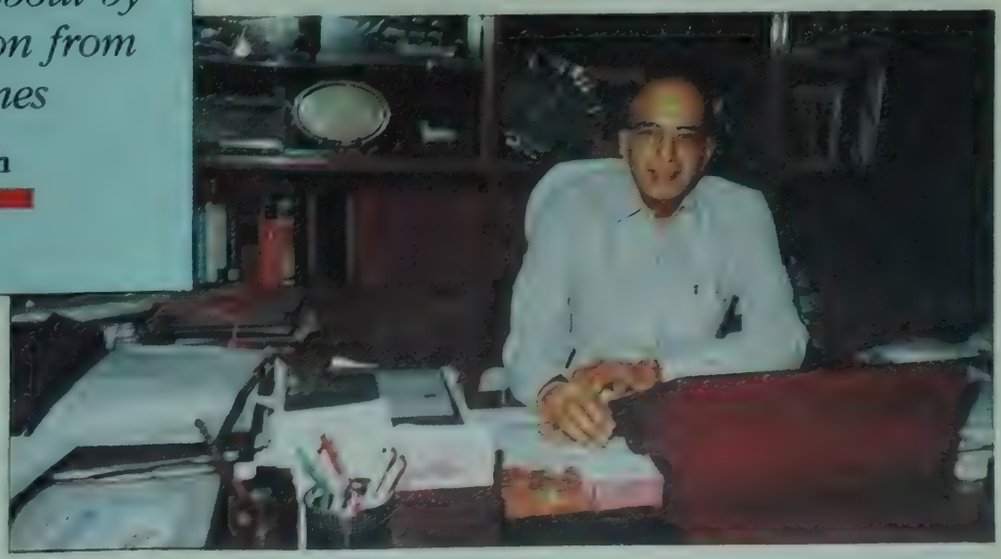
Jagdish Sheth

SCI

NO OPTIONS

But although the industry concedes that the SCICI, the Salc and the DGS have worked faster in recent times, the prevailing prices have forced many shippers to delay purchase plans. However, most of them admit that they cannot afford to wait for another depression to come round (that doesn't seem imminent currently) before buying ships. Since the Indian shipyards aren't up to the task of providing the required tonnage within the next few years, the shipping companies have little option but to buy bottoms abroad.

Not surprisingly, then, the industry





is reiterating one of its oldest demands: full commercial freedom to buy and sell ships wherever it chooses. The last depression saw many companies sink into the red because they were forced to operate their ships despite the unremunerative freight rates. Selling or scrapping bottoms was frowned upon by the government and its agencies. Now, say the shippers, is the time for operational glasnost.

It is also time for perestroika. To begin with, the industry would like SCICI's loan procedures restructured. While its predecessor, the SDFC, encouraged companies to maintain a 6:1 debt-equity ratio, SCICI is keen to bring that down to 1:1. The prospect keeps shippers awake at night. Although many admit, in confidence, that it doesn't make fiscal sense for a cyclical industry to depend heavily on borrowings, shipowners believe a 1:1 ratio is far too radical. As the chief executive of one of the country's largest shipping companies puts it: "We can't expand our equity base beyond a point. Given the ups and downs of this industry, who would buy shares in a shipping company?" Industry leaders are pressing for a "compromise ratio" of 4:1. They're also demanding export industry status and all the benefits that come with it, and exemption from applicability of s.115J of the Income-Tax Act to their profits. In return for this exemption, the industry has promised the government that the money saved would be devoted entirely to expansion of tonnage. The forex crisis should force the government to look at this proposal afresh.

It could also consider, for the same reasons, the demand for export industry status. After all, the shipping industry is a major earner of foreign exchange, generating a surplus of close to Rs 1,000 crore annually. The computer software industry, shippers love to point out, makes a quarter of that in exports and yet gets much more support from the government. They add, pointedly, that benefits of the investment allowance and investment deposit scheme were withdrawn by Delhi when the industry needed them most — just when companies were chalking out expansion programmes.

The industry's inability to cope with the demand for tonnage (particularly in container carriers) has hit it where it hurts most — at home. The Coastal Trade Reservation Act of 1950 and the Indian Coastal Conference of 1951 paved the way for exclusive carrying of coastal cargo by Indian vessels. The industry enjoyed that monopoly for four decades, until last year. In February 1990, a special group commissioned by the ministry of surface transport presented a report that, in effect, called for relaxation of cabotage laws.

The report said: "In the absence of a viable alternative to provide a reduced transit time and in the context of port facilities already created remaining underutilised...the question of relaxing the cabotage laws has been raised...so that Indian containers could be transhipped at Indian ports...by permitting foreign shipping lines to aggregate containers from/to Indian ports and regional ports."

Going by this report, the government has relaxed cabotage laws for a year. The reactions have been mixed. Some shippers agree that the entry of foreign lines would lead to much-needed competition that could bring down freight rates. Says Bombay Cus-

VAGHUL: *Admitting that Indian shipowners are handicapped by rules*



A manpower crunch. Like several other sectors, the Indian shipping industry too has been short on hands for quite a while now. Not only are officers scarce, shippers are finding even ratings hard to come by. Says Killick Nixon general manager (shipping) Avinash Batra: "There's a shortage of trained people worldwide. By the end of the decade, there will be a demand for about 5 lakh people internationally. We see a very serious problem."

This is partly due to the industry's lack of foresight and partly the fallout of the 1975-84 shipping recession. The doom and gloom of that period had forced shippers to trim payrolls, leading to unemployment. In 1982, the brakes were applied on training of personnel as there was no demand. This pressure, it seems, was never really let up for, today, the average age of the Indian rating is in the 41-50 years range.

Brain-drain. What compounded the tottering situation further was a brain-drain. When the shipping industry emerged from the trough in late 1986, demand for manpower surged internationally. And foreign shippers landed on Indian shores, dangling fat carrots to draw India's unemployed "surplus seamen." Countries such as Norway and Sweden even opened a second register for foreign nationals. The result: a vast exodus of marine men.

Indian companies which had seemingly-bloated employee registers soon found the situation becoming exactly the reverse. In fact, so bad did things get that several outfits were forced to lay down ships. Says former chairman and current joint managing director (coastal & passenger services division) of Shipping Corp of India (SCI) Jagdish C. Sheth: "SCI lost 385 days; one ship had to be laid down. We had to appeal to shore-based personnel to take up two-three month contract jobs. After all, it takes long to train a skilled officer."

The government came to the rescue, belatedly, in January 1989. It passed a law preventing Indian of-

A 'HAND'FUL OF WOES



A major problem confronting shipping is a dire shortage of manpower. If the industry is to cash in on future opportunities, it has to take steps on this front

ficers from taking up jobs on foreign vessels. This proved to be of little help as the restrictions were dropped like hot potatoes three months later. Says Batra: "Legislation cannot solve problems. Market forces will always prevail."

This seems to be coming true at least as far as Indian sailors' paychecks are concerned. In recent times, they have been taking on a fatter appearance to match the size of those the foreign shippers have been flashing at Indian seamen. The upshot has been that the crucial advantage of lower manning costs is being frittered away. Also, a bigger take-home has not done much in preventing seamen from abandoning Indian ships. The reason: the huge chomp that taxes take at salaries of Indian sailors on Indian vessels vis-a-vis those on foreign ones.

The government has made an attempt at damage-control by changing the tax structure of officers. The new norms stipulate that a person working on an Indian ship is to be treated as a non-resident provided he spends a minimum of 182 days off Indian waters. These changes have amounted to little more than tinkering around for, as Sheth says, "most Indian ships have the bulk of their repairs and maintenance attended to in India. It is very difficult for anyone to complete 182 days outside the country if he works on an Indian ship." The main cause for this is the sloth that has become all-pervasive in Indian ports. Ships are forced to while their time for days on end, waiting for a berth. Tasks that should take days end up taking weeks.

Higher costs. Says a veteran shipper: "Port costs are higher at Nhava Sheva than at Colombo, Dubai and Khorfakkan. The government should realise that it is not machinery but manpower that runs a port. It spends crores on the port but overlooks human systems. As a result, at Indian ports, manpower is not utilised to the maximum."

With such a slew of problems, is there a way to prevent seamen from bolting and thus rein in the manpower crunch? Yes, say industry experts.

Their recipe: give a thrust to training. Not only at the officers' and ratings' level, but even to port-workers and personnel, so that efficiency at ports is brought up to international standards.

But this is not going to be too easy, given the paucity of training institutes. Since 1982, when the ratings institutes were decommissioned as per the recommendations of the Nanda committee, this area has been ignored by the government on the grounds of a resource squeeze. Realising the gravity of the situation, industry organisations like the National Union of Seafarers of India (NUSI) have offered to pitch in with funds to set up an institute in Goa. Another proposal for an institute at Panvel (close to Bombay), has sprung up, but quibbling is reportedly delaying matters. Says Batra: "We could easily fill the gap if governmental delays and the like do not come in the way of new institutes."

The existing institutes, in dire straits themselves, are not capable of doing much. These include the marine engineering institutes run by the directorate of marine engineering technology (DMET). Says an old-timer: "It (the DMET) is run on a departmental basis and instructors leave because of low governmental payscales. At the moment, the situation is so bad that it has asked the finance ministry for funds."

To find a way out of the resource shortage, what the government could do is tap the funds and the knowhow that the International Labour Organisation (ILO) has been offering for manpower improvement schemes at ports. Shippers say the ports have been ignoring this avenue.

It would also help to improve the tax structure further. If this is not done, all training will come to naught. Says an NUSI member: "We train the boys and they take up employment on foreign ships. The solution is in solving the tax structure. Why should they be heavily taxed?"

With the cataclysmic economic changes taking place globally at a rapid clip, time is of essence. (A recent report has revealed that demand for Indian seafarers worldwide is going to surpass that for those from China and the Philippines by the year 2000.) The future could also see Indian exports and imports booming.



The writing on the wall is quite clear. If Indian shipping is to meet these challenges and business opportunities, it has to bring more hands to the decks.

A LONG WAY TO GO

There's little room for doubt that containerisation will play a crucial role in shaping the future of shipping. New Delhi woke up late to this realisation — it was only after the United Nations Multimodal Transport Convention in 1980 that it began to take container transport seriously — but has wasted little time since.

The past decade saw inland container depots (ICDs) being set up by the Indian Railways at Bangalore, Guntur, Annaparti, Coimbatore, Delhi, Guwahati and Ludhiana. The Container Corp of India (Concor) — an offshoot of the Indian Railways — was established in 1988 to take control of the depots. A year later, the country got its first full-fledged container port, the Jawaharlal Nehru Port Trust (JNPT) at Nhava Sheva. The Madras, Haldia and Cochin ports were also updated to handle containers. But India has many nautical miles to go before it can claim to have adapted to containerisation. And there are choppy waters ahead.





A CONCOR INLAND CONTAINER DEPOT & DAYAL (INSET): *Up to the task?*

A nightmare. Moving containers to (and from) the ports remains every exporter/importer's nightmare. For a start, the Indian Railways is critically short of container flat wagons. Concor plans to set up 23 more ICDs and 70 container freight stations (CFSs) over the next 15 years; 5 lakh TEUs (twenty-foot equivalent units) are expected to pass through these annually. But such plans could fall flat. Although the Indian Railways hopes to manufacture 4,300 flat wagons (approximate cost: Rs 210 crore) by the end of the decade, it will not be able to handle the projected volumes.

Though efforts are being made to move towards containerisation, a lot more needs to be done

Worse, the ports are not adequately connected to the industrial hinterlands by rail. Says Samrat Shipping director Vaishnav Puri: "Containers are supposed to facilitate door-to-door movement of cargo. But that won't happen if we don't have the transportation infrastructure." Adds CMB Transport senior vice-president D.K. Lal: "The key to containerisation is quick transport; unless that is achieved, the concept will fail to yield results."

Setting up the rail network is Concor's brief. And managing director R.Dayal seems confident the corporation is up to the task. "Once we've achieved our target of a complete network, we will be able to move cargo door-to-door." But that is easier said than done. Laying miles of tracklines is enormously expensive and establishing a comprehensive network could take many years. And shippers complain that Concor is moving much too slowly. According to Lal, although Indian ports handled 5 lakh containers in 1989-90, "only 10% was actually dispersed to the ICDs." In 1994-95, the ports will handle close to 1.45 million TEUs, but barely half of these will be transported inland by rail. The rest will be packed (or unpacked) at port warehouses.

Steep charges. Many shippers believe things could improve if the railway authorities relinquish their monopoly on transportation of containers and allow some of these to be moved by road. Concor's charges, they say, are very steep; and the corporation takes no responsibility for cargo lost or misplaced en route.

Road transportation comes with its own problems. For one, the customs department. Importers who use Concor pay their duties only when the containers concerned reach the ICDs. Those who would rather move their goods by truck must deal with the customs authorities at the port and be subjected to what one shipper terms "third-degree treatment." But Lal has an explanation: "They (the customs officials) have to play safe: importers may claim loss of goods en route to evade import duty ... and there's always the fear of traffic in contraband."

But the biggest hitch to transportation of containers by road is their size. Indian highways are not wide enough to handle containers of international standards. Besides, widening the existing road network to suit movers' requirements would require huge investments and several years.

And Indian Railways and Concor do not seem to have any intentions of giving up their monopoly.

Clearly, containerisation is still a long way off. So much the worse for Indian shipping.

toms House Agents' Association member Pravin K. Kanakia: "Competition is good. Even if the freight rates don't come down, we'll at least have more options to chose from." Besides, many traders believe foreign lines could teach their Indian counterparts a thing or two about efficiency in operations.

But the chief executive of the Indian National Shipowners' Association (INSA) B.V. Nilkund takes a different point of view: "Once we're dependent on (foreign liners), they will increase freight rates and exploit us. As it is, our liner services are running at a huge loss."

Sheth (quoted earlier) doesn't approve of the relaxation either. "It will affect SCI's liftings. By attracting more traffic, the government won't generate more business. Instead, it will divert the existing business to foreign lines."

REVENUES: GAINING STRENGTH

(Rs crore)

Year	SCI	Great Eastern	Essar	India Steamship	SI Shipping
1995	591.37	66.05	40.90	53.96	35.61
1996	799.31*	81.21	58.11	56.20	40.78
1997	703.24	99.31	60.06	59.28	37.09
1998	806.05	112.55	—	80.27	49.57
1999	657.04+	111.92+	142.87**	83.74	57.67
1990		213.10	139.54	126.91	74.64

* 15 months
\+ 9 months
** 18 months
Source: annual report for SCI. The Bombay stock exchange directory for the rest.

He doesn't believe Indian shippers have much to learn from foreign lines. "The point of efficiency is being overplayed. We need efficiency, certainly, but it cannot be brought about by competition from foreign lines."

The industry is also divided in its opinion of the United Nations (UN) Code of Conduct for Liners and the quota system that requires 80% of goods traded under an agreement to be divided equally between the shipping lines of the two trading countries, with the remaining 20% kept open for outside lines. Says McKinnon & McKenzie deputy general manager N. A. Hiranandani: "It'll work fine in trade with the US and the UK, but we won't be able to serve, say, Argentina under such an agreement — it would be uneconomical."

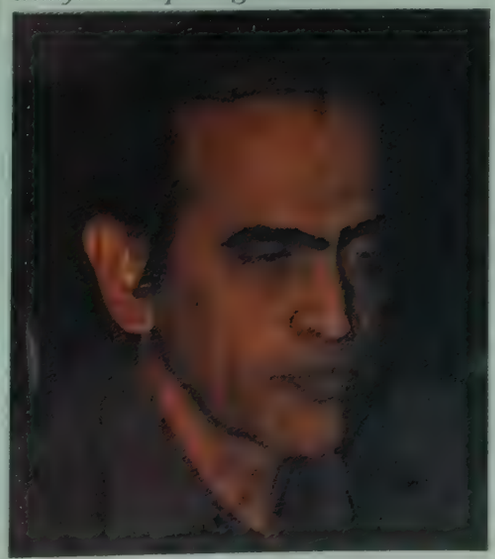
Killick Nixon general manager (shipping) Avinash Batra believes Indian tonnage cannot always service a 40% share. "We can't even serve that much on the India-UK route. If such a quota system were to come about, we couldn't stand up and say 'we can apply the norm in some cases, but not others.' We just don't have the wherewithal for such a system."

In other words, to match the proposed quota, the industry will have to expand its tonnage extensively, overnight. And that brings us back to square one.

But the UN Code has its backers, too. Since former chairman of SCI C.V. Srivastava played a key role in developing the code, it isn't surprising that Sheth is all for its implementation. "It is the only way developing countries can develop their shipping industries. The government, particularly the commerce ministry, has been resisting the code on the grounds that exports will suffer. We can only hope the new government will take a more pragmatic view on this issue."

The industry has little reason to be optimistic. Past experiences have shown that although the ministry of surface transport and the DGS strongly support many of industry's demands, other ministries and agencies either take their own time to provide necessary support or reject the demands outright.

PARTHASARATHY: *Blaming shipowners for delays in acquiring vessels*





Sometimes, it is the state-owned corporations that put spanners into the works. The example nobody in the industry tires of repeating is that of the Oil & Natural Gas Commission (ONGC). Years ago, the government decided that ONGC should rely entirely on Indian shipping for offshore supply vessels (OSVs). This would help Indian shipping companies make some money in hard times and also prevent ONGC from becoming dependent on foreign lines.

The government appointed a committee to fix the charter rates and all went well for the first five-year contract. When it expired, all hell broke loose. The industry claimed ONGC was misusing its monopoly status and refusing to pay reasonable rates. As a result, shipping companies deferred plans to acquire new OSVs.

Similarly, shippers believe container transport in the country would have come of age if the Indian Railways didn't have a monopoly over movement of containers inland (see box 'A long way to go'). They also feel the industry's manpower crisis (see box 'A 'hand'ful of woes') could have been prevented if the tax authorities had been more lenient with Indian sailors.

Clearly, it is time the various ministries put their heads together to devise a comprehensive plan that will put the industry on the high-tide of international shipping. The tradewinds are still blowing strong; all Indian shipping needs now is the chance to unfurl its sails.

□ Rina Mukherji

Export promotion is not going to be easy.

A TOUGH DRIVE AHEAD

Export or perish. Till recently, many of India's economic pundits dismissed this as nothing more than another meaningless mantra. With good reason. For despite all the tall talk about global competitiveness, the Indian economy continued to wallow in autarky.

Now things seem to be changing as export promotion has once again moved to the top of the economic agenda. Not that India's policy-makers had much of a choice, what with a frightening foreign exchange crisis staring them in the face. It is significant that the first concrete steps taken by the new government — the devaluation of the rupee and the announcement of a liberal trade policy — are meant to sort out the spate of problems on the current account. In fact, reveals an institutional source, commerce secretary Montek Singh Ahluwalia was busy drafting the new trade policy even before the new government was sworn in. "It was handed over to them on a platter," he says.

But, unfortunately, good intentions alone will not go a long way in accelerating India's export drive. Problems are bound to spring up. As exportables leave Indian shores, they are likely to run into rough weather. Consider:

■ While the immediate effect of the devaluation of the rupee will help increase the price-competitiveness of Indian exports, this is at best a temporary phenomenon. But it could add some element of dynamism to the growth rate of Indian exports (in rupees) which is estimated to be down to 22.83% in 1990-91 as against the more healthy 36.35% in 1989-90. This is especially true of the European countries. "During the last 18 months, the rupee was gradually devalued against the dollar and sterling, but not against the EC (European Community) currencies. The resultant comparative disadvantage that Indian exporters into that region had has now been rectified," notes Exim Bank chairman & managing director Kalyan Banerji. But, as many experts have opined, without structural economic changes, devaluation is ephemeral beyond the short-run in terms of advantages.

■ The new scheme of an open market for Exim scrips has linked a company's access to foreign exchange to its ability to export. However, many of India's export industries are import-intensive. The most notorious is the gems and jewellery industry, whose exports have already dipped marginally during the past financial year.

A related problem is that the financially-powerful big corporations will have the muscle to corner Exim scrips. A recent commerce ministry study shows that the 306 biggest Indian companies "are net consumers of foreign exchange." As a result, the small and medium companies which account for two-thirds of India's exports will suffer.

■ Export finance continues to be a problem area. An official of the Federation of Indian Export Organisations (FIEO) complains that banks are holding back disbursals of subsidised export credits. Besides, post-shipment credit rates have already gone up. And though the price of finance is a minor component in export prices, exporters are feeling the pinch, especially in working capital management. In fact, it is learnt the International Monetary Fund may force the government to do away with the entire system of subsidised export credit.

■ The major economies of the world have not yet recovered from the throes of the recent recession. As a result, world trade continues to be slack. Though India, with an embarrassing 0.4% of world trade, is unlikely to be greatly affected by this downturn, an export push will be just that much more difficult in these circumstances.

All these are serious problems. But the real problem lies at home — the uncompetitive and overregulated Indian economy. "Exports are products of excellence. And excellence is not a result of inhibitions," says Banerji.



BANERJI: *Only excellent products will do the job*

But deregulating the Indian economy is easier said than done. Notice the ruckus created over the scrapping of the cash compensatory support scheme. While financial manipulations like devaluation may help increase Indian exports in the short run, only a technologically-strong and competitive economy can make its mark on the world arena. All assumptions to the contrary are nothing but vain hopes. And, thankfully, finance minister Manmohan Singh seems hellbent on making a bonfire of these vanities.

□ Niranjan Rajadhyaksha

NEWS BRIEFS

■ The Union government has decided in principle to approach the **World Bank** for a $500 million structural adjustment **loan** to tide over the current balance of payments crisis.

■ The **eighth plan** is likely to commence from 1992-93 and the growth rate is slated to be pegged at 5.5%, according to *The Economic Times*. The size of the plan will be worked out later.

■ The chief controller of imports & exports (CCI&E) has clarified that import **licences** for **restricted spares** will continue to be granted to users, on the basis of the value of installed plant and machinery as well as equipment, as provided under current import norms.

■ Freight and parcel rates have been hiked by 10% and passenger fares between 15% and 20% in the Rs 950



INDIAN RAILWAYS: *Hiking rates*

crore **railway budget** presented by railway minister C.K. Jaffer Sharief. The railways is targeted to end the financial year with a surplus of Rs 235 crore.

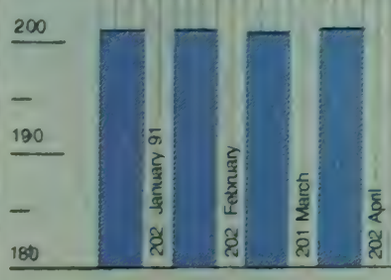
■ The Union government is considering importing up to 3 lakh tonnes of edible oil following the depletion of stocks for the public distribution system (**PDS**). This is likely to cost the exchequer Rs 270 crore.

■ Indian **exports** are expected to rise by 16% in dollar terms for the remaining seven months of 1991-92, according to the Federation of Indian Export Organisations.

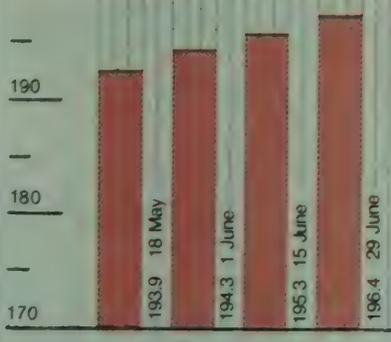
Foreign Exchange Rates (Spot) 1991

	16 July (Rs)
One P. Sterling	42.72
One US Dollar	25.86
One D. Mark	14.39
One hundred J. Yen	18.90
One Saudi Riyal	6.85
One UAE Dirham	88.00

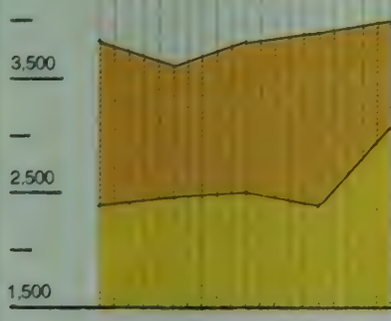
Consumer Price Index for Industrial Workers (1981-82 = 100) 1991



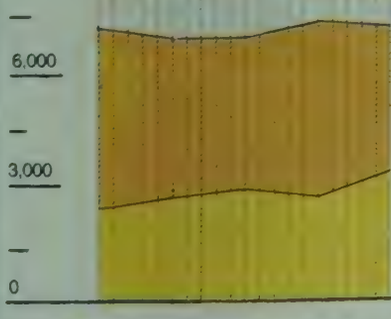
Wholesale Price Index (1981-82 = 100) 1991



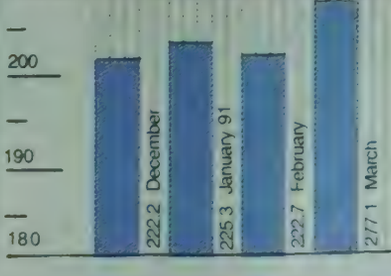
Gold (Rs per 10 gm)



Silver (Rs per kg)



CSO Index of Industrial Production (1980-81=100)



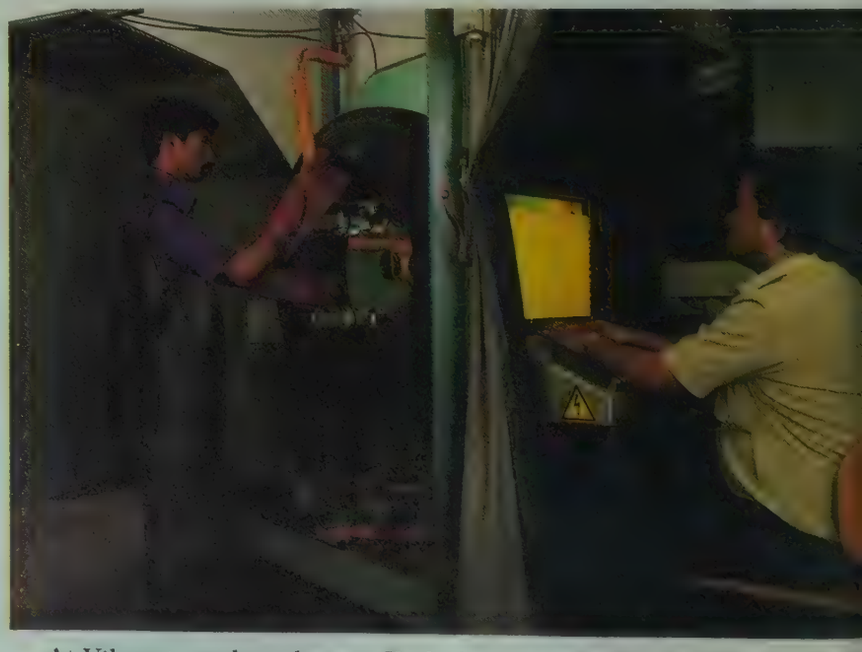
An open challenge

Has any tyre company made All Steel Radials for trucks The question now is : *why not?*

For most tyre companies, radials made with textile casing and steel belts represent the limits of tyre technology. The only company to have gone beyond these frontiers into the realm of All Steel Radials, combining steel casings with steel belts, is Vikrant. Vikrant makes these tyres for heavy commercial vehicles whose demands are greater than those of LCVs and cars. Why is it, then, that Vikrant has succeeded and others haven't? The answer lies in Vikrant's approach to the radial challenge. Vikrant went about it with the single mindedness of an inventor. It tapped the vast technical resources of Avon, built prototypes, followed their performance, went back to the drawing board and carried out improvements. In other words, it didn't merely 'borrow' the technology; it tailored it, made it workable. In a sense, Vikrant invented this technology for



Vikrant's All Steel Radial


At Vikrant, each and every Radial tyre goes through an X-ray che

from Vikrant.

and buses? Has anyone followed Vikrant's treadsteps?

India. The result is that India now has access to a special tyre that can bring down fuel bills by 4%. Consider this logic: if a transport corporation were to radialise 10,000 buses, it could, with the savings on fuel alone, add more than *one hundred new buses* to its fleet every year. In additon, the corporation would reduce annual tyre expenses because Vikrant's All Steel Radials travel twice as far as conventional tyres. The expected lifespan of a Vikrant All Steel Radial can be a staggering 200,000 kilometres or more. If this is the case for All Steel truck and bus Radials, as indeed it is, then why haven't other tyre companies invested in this technology? One wonders. Vikrant has shown that the Radialisation of public and goods transport isn't a simple matter of technology transfer. It requires the spirit of a pioneer, a deep understanding of the severe conditions and loading practices prevailing in the country. It requires expertise to create an All Steel Radial for this environment. The challenge is really that. A challenge that the others haven't yet been able to meet.



40,000 Vikrant Radials are already in service

Technology no one else has.

VIKRANT

Russi Mody has a prescription for prosperity.

"IF I WERE THE PRIME MINISTER..."

As one of India's most respected managers, Russi Mody arguably epitomises the quintessence of professionalism in private enterprise in India. His excellent track record in running Tata Steel and his reputation as a man manager par excellence lends Mody a somewhat unique credibility.

One of Mody's great talents is his ability to communicate. As any enlightened citizen would, he holds strong views on the parlous state of the nation and the recuperative remedies we ought to take. But unlike many of his confreres, he does not balk from speaking for the record — and he does so plainly, bluntly and fearlessly.

Mody has always been an ardent votary of decontrol, deregulation and liberalisation. In the past, his has often been a voice in the wilderness; no one agreed that the government could ever be persuaded to get off citizens' backs. Today, with 44 years of Nehruvian socialism having brought our economy close to ruin, the government is willy-nilly giving up reins of control all round for the simple reason that it knows now that it can never deliver.

In principle, therefore, Mody has been proved right. Yet, he does not concede that he is happy. "We are only tentatively scratching at the tip of the iceberg," he says. "I'll be happy only when we can dissolve the iceberg altogether."

To throw the ongoing national debate on structural reforms wide open, last fortnight *BusinessWorld* asked Russi Mody one provocative question: "How would you run the nation?" His fascinating answer was a whole morning long, and characteristically came straight from the heart.



In his job as chairman of Tata Steel, Mody is responsible for the well-being, welfare and pursuit of happiness of around half a million men, women and children. By all accounts, he's doing well. There's every reason to believe that an application of his guiding philosophy — enunciated in the following pages — will work as appropriately for 850 million as it has for half a million.

For Russi Mody's one-man manifesto, read on:

■ On today's top priority, acutest, most major problem.

The most daunting problem is the problem of national integration. We are a nation torn apart, largely by unscrupulous politicians who have in the past few decades, particularly in the past one or two years, divided this nation on religious and caste lines.

I never get tired of saying this and I will say it till my last breath, that we have in this country millions of Hindus, millions of Muslims, millions of Sikhs, millions of Christians. We have millions of Biharis, Bengalis, Maharashtrians, Punjabis, Tamilians. We have millions of *kayasthas*, brahmins, *bhumihars*, upper castes, lower castes, backward castes, forward castes. But we have no Indians! There is no Indian in India! And if we do not have Indians, how do we expect to keep our country one?

Who is an Indian? An Indian, according to me, is one who in dealing with men and matters is absolutely free from considerations of region, language, caste or religion. Today, he does not exist. All I can say is, if we don't do something about this very quickly, we are going to disintegrate.

If one believes in liberalisation, there is no need to talk about it. Instead, one has to take immediate action to bring it about

■ On socialism.

In the name of socialism, a big fraud has been perpetrated on an unbelievingly credulous nation. High hopes were held out but none of these hopes was ever realised. We embarked on our freedom by saying that in the years to come we were going to narrow the gap between the rich and the poor. The gap has widened and will keep on widening because we do not give up the kind of thinking which was initiated at the beginning of our freedom and which we are still sticking to 50 years later, irrespective of what goes on around the world.

■ On liberalisation.

Of course I believe in liberalisation but not in piecemeal liberalisation. If one believes in liberalisation, there is no need to talk about it. Instead, one has to take immediate action to bring it about wherever there is any form of control.

I would also not bother about percentages where multinationals are concerned. There must be a free market economy in which those who have a contribution to make to the progress of my country would be welcome and naturally, they will expect to take back something in return. I find the present policy incredible. There is a mistaken belief that there is a long queue of multinationals waiting outside the Gateway of India to come in to exploit the people. This is nonsense. First and foremost, there is no such queue. And even if there are a few who are anxious to come to India, they too would soon disappear if there is any further vacillation in our policies.

Remember, these are people who want to bring their money and their knowhow to set up industries in India, giving rise to further employment in the country and only when their businesses are a success, do they ask to repatriate the dividends they have earned, and that too after paying taxes to the government. But we see nothing wrong in shutting the door to these people and then going all over the world begging for money which has to be paid back with interest from almost day one!

Liberalisation is a way of life, like democracy. You cannot have one without the other.

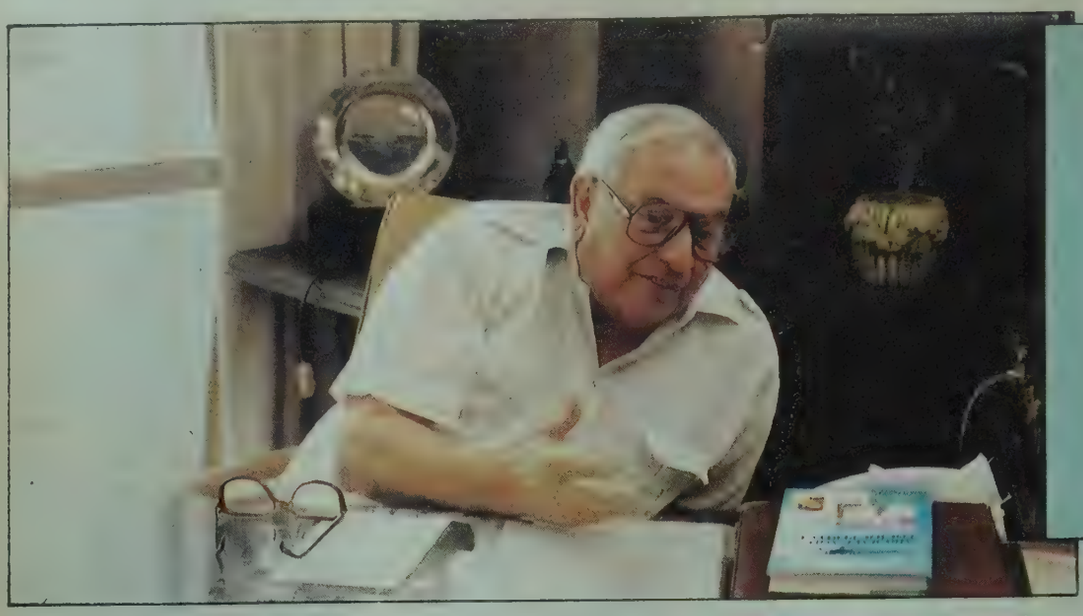
■ On industrial licensing.

I do not believe in industrial licensing. But I do believe that the country should keep records of such industries that are available in the country, so industrial licensing should be replaced by industrial recordings.

■ On the Foreign Exchange Regulation Act (Fera).

I would look for the biggest axe in India and slaughter this damnable act. From the very first day that the act was brought into effect, it has been vio-





I would look for the biggest axe in India and slaughter this damnable Foreign Exchange Regulation Act

lated. The country has gained precious little in conservation of foreign exchange but, on the contrary, has induced many to send their money abroad by illegal means which, perhaps, they might not have done had there been no Fera.

■ On the Monopolies & Restrictive Trade Practices (MRTP) Act.

MRTP has achieved nothing and should be scrapped. Look, it's no use talking of one Fera here and one MRTP there. All controls and regulatory measures must go. None of these has brought any benefit to the nation. Instead, each has bred a cadre of power-hungry politicians, backed by even more power-hungry bureaucrats. They exercise authority not through the offices they occupy, not through the respect they earn from the public, but through controls. Take one example: there was a shortage of coal and steel during World War II, and there was undoubtedly a need for control. That war ended half a century ago, but these controls are still in place! Apart from employing an army of clerks, costing the taxpayer untold crores, all these controls have achieved nothing.

THE TISCO PLANT: *Mody's credentials*



■ On the Eighth Plan.

Since there is no money in the coffers of the government, it would not be a bad idea to have a five-year period of plan holiday instead of a five-year plan. Besides, if liberalisation takes place as I would visualise, there will be no need for a planning commission or for five-year plans.

We are broke. We are broke in foreign exchange. We are broke in internal resources. We have been overspending constantly, without getting any returns. All this despite elaborate economic plans and planning commissions!

■ On the long-term fiscal policy.

Direct taxes should be kept low and investments should be encouraged. Controls should be abolished so that even with the existing equipment more goods can be produced in this country, more efficiency encouraged, which in turn will bring more revenue into the exchequer.

Obviously, the fiscal policy of the government must take into account the realities of the situation, but it should be possible to give a sense of direction and a sense of security to the nation by ensuring that policies announced on Monday are not changed on Tuesday and Wednesday and scrapped on Thursday. There must be some continuity in our fiscal policies, otherwise industry and trade cannot have confidence in the economy.

■ On exports.

Exports are a must if the country is to savour the fruits of technological advances made in other countries. We must be able to afford to buy goods from abroad for which we require foreign exchange. The alternative would be to indulge in a massive programme of research and development in our own country which, in most cases, would end up reinventing the wheel.

The way to earn foreign exchange is through exports and through tourism, to both of which I would pay the utmost attention.

Exports also bring about quality, which is lacking in our country. When you have to bid globally, you have to shed the somewhat lower indigenous standards. One has to become cost-competitive and ensure high productivity, both of which are desirable elements in growth. I would also en-

courage foreign manufacturers, even of luxury goods like Mercedes cars, to come to India to manufacture and export from here.

■ On the public sector.

How long can a nation keep on pouring into a sector, on grounds of ideology, thousands and thousands of crores of rupees without getting a return? We have already crossed the breaking point.

In a free economy, government must keep its hands off whatever, wherever and whenever private enterprise can handle. Yes, our public sector banks and undertakings ought to be privatised, but their mess is so absolute that frankly I don't see very many buyers.

■ On administered prices.

Since India has a very vast population of downtrodden and ill-fed people, some check must be exercised on essential foodstuffs for them. But for any other commodity, I do not think it is necessary to have any administered prices and the prices should be allowed to find their own levels once competition has been engineered.

■ On black money.

It is not possible for any government to abolish black money. But if the causes that create black money are understood, then there are several remedies open to discourage the creation of black money.

A more reasonable tax structure would, in my mind, bring in far more revenue than the present high tax structure. This has been proved not only in other countries, but in India itself. A lower tax structure together with the abolition of Fera would, in my opinion, be a governmental action that I would take.

There is also the possibility that with a liberalised economy and low tax structure and the abolition of Fera a large amount of unauthorised funds kept overseas would find its way back to India. These funds are obviously accumulated out of black money.

■ On eradicating corruption.

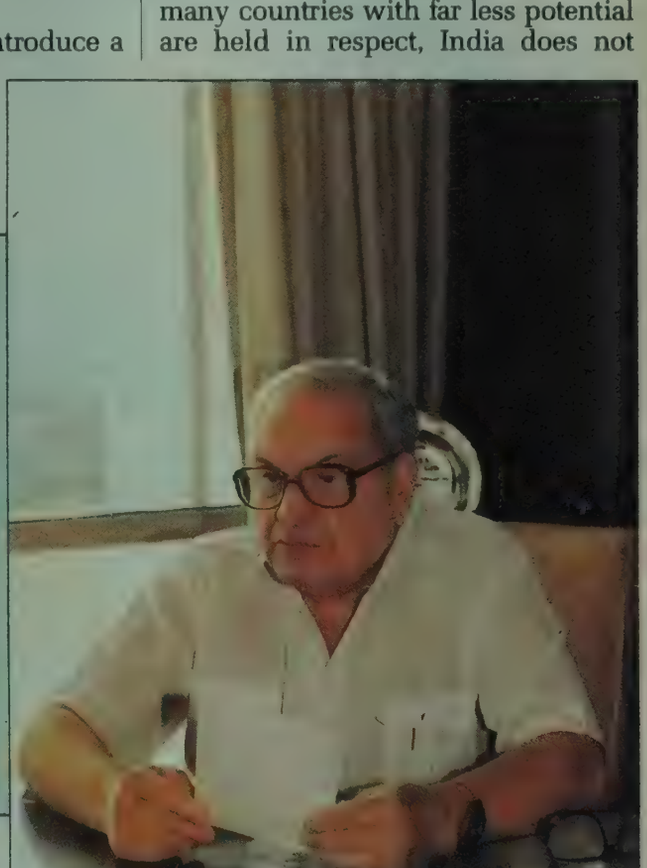
If the marketplace decides winners and losers, rather than individuals vested with discretionary authority, the scope for corruption will be drastically reduced.

■ On repealing and amending certain laws.

I do believe that the time has arrived when we should have one civil code in the country. Therefore, all laws which are applicable only to sections of our society need to be scrapped. What is necessary is not to talk of a Hindu civil code, a Muslim civil code or a Parsi civil code, but of an Indian civil code. There must be one law for all Indians.

Also, I would certainly introduce a law which would prohibit criminals from entering our legislatures or keeping possession of offices of public trust. Isn't it a shame that in our country, where we crow so much about democracy, some states should throw up 25%-30% of legislators with criminal records? They should be behind bars. But no, they are our lawmakers. Is this what we call a civilised nation?

Since there is no money in the coffers of the government, it would not be a bad idea to have a five-year period of plan holiday instead of a five-year plan



■ On eradicating poverty.

It is a great irony that despite our enormous resources in minerals and skilled manpower we are one of the poorest countries in the world. And yet, Indians outside India have prospered everywhere, from the United States to Fiji.

The only reason why Indians are poor in India is that the politician and the bureaucrat, tethered to their desire for power and patronage, make it a point to interfere in areas with which they are totally unfamiliar. It is more important for them to be able to say 'no' than to worry about the country's progress. Eliminate this reason and you will eliminate poverty. I am certain the common man would rather put his fortunes in the hands of honest businessmen rather than dishonest politicians.

■ On foreign relations.

The minimum need for India is to find friends. The world has shrunk and one cannot live in isolation. But it would be true to say that whereas many countries with far less potential are held in respect, India does not count for anything worthwhile.

Even if our policy of neutrality were genuine, it has put us in a position where we genuinely do not have a single friend. The nation would like to have friends and it might inevitably have some enemies, but to be ignored is humiliating.

■ On a 100-day agenda.

All that I have said above, as far as I am concerned, should be introduced yesterday.

□ Sujoy Gupta

WHAT'S

MRF NYL

DOING IN U.S.A



THE TRANS-AMERICAN ADVENTURE - '90
ON INDIAN 250 cc MOTORCYCLES

L to R – ARUN KHADSE, STANLEY ROSE & SATISH GANAPATHY

July 29th 1990. Three adventurous Indians on two 250 cc Yezdi motorbikes and MRF NYLOGRIP TYRES – the No. 1 two-wheeler tyres in India.

Traversing the length and breadth of the U.S.A, 18,200 km across the awesome Arizona deserts, the Grand Canyon, Niagara Falls... Taking on the fast lane ... and the sweeping inter-city highways...

With unshakeable confidence in themselves. And their tyres.

MRF NYLOGRIP. The tyres with the strength, stability and grip to see them through successfully on their Great Trans North-American Adventure.

In the trio's own words – "MRF Tyres did withstand all sorts of onslaughts including heavy luggage on the bikes without a single puncture."

The true spirit of adventure. MRF Nylogrip. A dream come true for three men.

The latest tyre for the la





bikes!

MRF
TYRES
Tyres with Muscle

GOLDWIRE/91/716/B

Things are looking even better this year.

PHILIPS: THE PICTURE BRIGHTENS

The lights are on again at Peico Electronics & Electricals. After half-a-decade of groping around in the dark (and the red), the company has today turned in a reasonable report card. Vice-chairman & managing director Jan Bergvelt, who should soon be winging his way back to Eindhoven, Holland, to prepare for a new job in one of the parent company's overseas subsidiaries, has matched mission with performance. But will the mark he has left on Peico, better known as Philips India, prove lasting? After all, the company has emerged from the woods occasionally only to go traipsing back there at short notice. Is there anything radically changed this time?



Bergvelt himself does not feel he is leaving behind a bed of roses for his replacement H.J.J. Rensma. The task will be tough — and different. "My successor should have a rather different job compared to what I was called upon to do," he says. "I had to effect a change in the company, restructure it so that Philips India could return to profitability. The next man will have to home in on the markets, consolidate and expand."

Looking back, however, Bergvelt has some reason to feel pleased about a reasonably successful completion of the task he undertook in 1988 — to turn around an ailing company. Philips' 1990-91 financial results, declared on 27 June, are excellent. Turnover, at Rs 569 crore, is up 35% over the previous year, while profit before interest, depreciation and tax shows an impressive 50% rise to Rs 57.8 crore. With the interest bill being considerably lower at Rs 15 crore (Rs 21.9 crore in 1989-90), the operating profit has multiplied over five times to over Rs 29 crore (Rs 5.48 crore). Earlier losses have handed the company a tax break, enabling it to retain virtually the entire amount as distributable profit. The earning per share is therefore an impressive Rs 8.61. This can well be compared to the cumulative figure for the entire nine-year period between 1981 and 1990, which added up to Rs 8.63. Shareholders should be happy with the 20% dividend payout announced for 1990-91.

While all this is very fine, and there is little doubt that Philips India is today decisively out of the woods, the question is whether Bergvelt's prescription for his successor to "home in on the markets, consolidate and expand" is somewhat out of tune with a recessionary phase in the Indian economy directly ahead. In other

PHILIPS' KALWA (NEAR BOMBAY) LIGHT FACTORY: *Export plans*



words, will Philips' profits in 1991-92 sink as rapidly as they had bobbed up in 1990-91? And will the company be back again to being what it has been all through the eighties — a giant, sluggish, low-profit operation?

OVER-STRETCHED

If the company's profitability does shrink in the coming months, Philips India could once more become a low-profit-making giant. But hardly sluggish. When Bergvelt took up his assignment, he found the company (in his own words) "over-borrowed, over-staffed, over-centralised, and over-extended." Two-and-half years down the line, there has been a great deal of change, and all of it for the better.

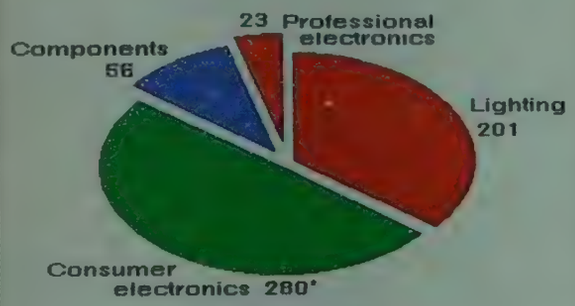
In this period, the company has shed some 1,600 employees (out of an original total of 9,600) through a voluntary retirement scheme, funded by the disposal of properties no longer required. The numbers reduction has (to an extent) taken care of over-staffing. The over-centralisation has been addressed by a divisionalisation of the company's businesses — lighting and consumer electronics are today the two large divisions, with components and professional electronics being the smaller ones.

Currently, the company is certainly not over-extended, since structurally unprofitable activities — small appliances, batteries, computer peripherals and the project department — have been lopped. Also, the information and data communication systems department (catering mainly to the commercial banking sector, and also servicing one-off installations like automatic teller machines) has been transferred to Nelco. And the medical systems division (a small but profitable activity which involved the manufacture of ultrasound equipment) is proposed to be transferred to a separate company being set up as a joint venture between Philips Eindhoven and Philips India.



A HUGE PIE

(Estimated divisional turnover for 1990-91 in Rs crore)



*includes colour TVs: Rs 40 crore, B&W TVs: Rs 50 crore and audio systems: Rs 185 crore

Source: The company

As far as over-borrowing is concerned, some very significant reductions have been effected — mainly under the head of bank overdrafts, required for working capital. Together with the push in sales, this has meant that interest costs as a percentage of total sales came down from 5.5% in 1988-89 to 5.19% in 1989-90, and further to 2.65% in 1990-91. P. Patnaik, currently in charge of Philips' professional electronics division, who had earlier spearheaded part of the rationalisation effort, says that current assets have been reduced, overall for the company, from a level of 46-50% of sales at the beginning of 1989, to about 30% currently.

Finally, profit before tax as a percentage of sales has gone from negative figures in 1988 to 1.3% in 1989, and to 5% in the latest year. It is the improvement in operating efficiencies, together with an increase in sales volumes, which has flowed to the company's very satisfactory bottom-line for 1990-91.

All that seems just what the doctor ordered. But to predict whether Philips India will be able to achieve its ambition of maintaining the current level of profitability, while at the same time scoring further volume growth in sales, a close look at divisional performances and targets is called for. The lighting division, which accounts for a full one-third of Philips' turnover (about Rs 200 crore out of the latest year's Rs 569 crore), grew by about 35%, in part because of a price increase (about 15% in the bread-and-butter GLS lamps), and in part because the company's subsidiary — Electric Lamp Manufacturers (India) — which had been under lockout, returned to full production. Philips' director in charge of lighting R.B. Putatunda is satisfied about market growth so far (a rate of about 10% volume growth per annum), and also about the fact that so far the company was able to pass on the cost of inflation. Overall, he is cautiously optimistic about the current year and is hoping for a good monsoon.

BERGVELT: *A job well done*



The monsoon matters because, in India, the basic GLS and TL lamps together still constitute 80% of total sales, and the rural market is very important. High intensity discharge lamps, used for public area lighting, make up the balance 20%, but the segment is actually more profitable, and one in which Philips India has greater marketshare. In a recessionary year, with cutbacks in government spending, this segment is bound to suffer, and



SHANBHAG: *Seeking tieups with other manufacturers*

lamp can sell internationally only in very limited markets, and in very limited quantities. Moreover, Indian prices (pre-devaluation) have not been competitive.

For the time being, the company is going slow on fresh introductions — for example, the compact fluorescent lamp, which gives much longer life and yields considerable energy savings, but correspondingly costs much more. Abroad, Philips has just introduced QL induction lighting, a system that lasts virtually forever, and which the international company claims is further evidence of its technological and market leadership worldwide.

Putatunda and his team will obviously have to make up with more aggressive selling. But GLS and TL lamps, used for interior lighting, are essential items and demand may not flag too much, whatever the other economic difficulties facing the country.

Putatunda is more worried about the foreign exchange crunch, which may make vital raw material imports (like tungsten) much more expensive. And today, the company has (perhaps belatedly) started making a special export effort. But the problem is that a commodity item like a GLS or TL lamp can sell internationally only in very limited markets, and in very limited quantities. Moreover, Indian prices (pre-devaluation) have not been competitive.

The problem facing Philips India here is that setting up a facility to manufacture such advanced items will entail considerable capital investment. Since demand will be extremely limited, there can be no economies of scale and the payback period will end up being inordinately long. But a couple of years down the line, to maintain market leadership in India, Philips may opt for a limited manufacturing base for such special lamps. Company spokesmen wryly remark that perhaps it is incumbent on the market leader to bear losses on such special lines for a while, but Bergvelt has a more specific complaint.

"A re-look at the industrial policy for this sector is perhaps necessary," he says. "The halogen lamp, for example, is the lamp of the future, essential for energy-saving purposes and, therefore, particularly applicable to India which faces continuing electricity shortages. Yet, this item is reserved for the small-scale sector. We can only hope that such quirks will change in the near future."

While the people at Philips' lighting division are keeping their fingers crossed and hoping for the best, the team at the consumer electronics division is surprisingly optimistic. The hope springs from the fact that sales of the company's products increased more than the overall market growth in 1990-91 — 29% for audio products against 15% for the entire industry; in colour televisions, by 19% value-wise, against a negative 10% overall; and in black and white (B&W) TVs, nearly 40% in the face of a stagnant market. The company is depending on an aggressive sales push to achieve targets, and is giving particular importance to institutional buyers and sales through hire-purchase, while at the same time assuring the customer efficient service facilities after purchase.



DAVID: *Looking to chase volumes in CTVs*

Combined with all this is a design change in the colour TV chassis, which will allow considerable forex savings and more competitive pricing of the Philips set. Director in charge of consumer electronics Manohar David is, moreover, particularly pleased that the company's Salt Lake factory (on the outskirts of Calcutta),

PATNAIK: *Notching up a profit*



so far a white elephant, is reporting improved production. Current levels exceed 50,000 per annum, compared to 20,000 a couple of years ago, and makes David optimistic enough to talk of full loading at 1 lakh in the near-term future.

"In colour TVs, gross margins are much lower compared to audio products and selling expenses are high," he says. "The key, therefore, is volume. We have today reached breakeven at Salt Lake, and even though we were the last entrants in colour TVs, our staying power is today giving us returns. Down the line, we hope to catch up with our competitors, and give them a run for their money."



MATHIAS: *Stressing on attracting managerial talent*

David is enthused enough to talk of an impressive Rs 400 crore sales target for his division in the current year (including B&W TVs, which are bought out and account for a good 15-18% of total sales). If the target is achieved, this should mean a 60% growth over last year. The foreign exchange crunch should actually give Philips some help against its competitors because it is by far the most indigenised manufacturer, especially in its audio products where the company has a very complete spread as far as range is concerned. But it is clear that David is also worried about the expensive exchange rate (the picture tube for the colour TV, for example, requires considerable raw material imports for manufacture in India).

For their little bit towards the export effort, Philips' consumer electronics division is proposing an export-oriented audio product factory, where the output pattern would be import of components, assembly and re-export. Sales volumes could reach about Rs 50 crore annually in three years' time. Moreover, 25% of the production could be reserved for the domestic market. Government go-ahead is the crucial point and so far the proposal is still in a preliminary stage.

In the meanwhile, Philips' components division has had a very successful year with sales reaching Rs 56 crore, roughly one-fifth of which was accounted for by internal transfers within the company. There has been an expansion of 16% in volume terms, and 24% in value terms. Profitability is good, and divisional chief S.A. Shanbhag hopes that a broadening of the product base will keep up the growth tempo.

So far, the company has been in the manufacture of passive and electro-mechanical components. Display components (TV picture tubes) has been a no-go area for Philips; despite an industrial application and a long wait, the government gave the thumbs-down signal. The only alternative now left is to enter the area of active components — semiconductors and integrated circuits. Even here, Philips proposes no manufacturing, but merely marketing for outside producers.

The benefit to the company would be a broadening of its market presence, while for the manufacturing company itself, Philips' marketing strengths could be of assistance. Shanbhag would like to play this card close to his chest, but says that if his company does conclude any such arrangements with a third party, turnover could reach Rs 50 crore from this line of business alone in about three years' time.

Philips' Rs 22 crore professional electronics division, having shed some of the loss-making items in its portfolio, similarly faces the future with confidence. Division-in-charge P. Patnaik says that having made profits for the first time ever in 1990-91, the group is working hard this year. Future areas of strength are likely to be communications and security systems (sound systems for auditoria, specifically designed public address systems and industrial communications systems among others) and selected lines of industrial automation.



BIGGEST BUGBEAR

But products have not really been Philips' main problem; its biggest bugbear has been production — more specifically, labour. One of the main factors which has contributed to Philips' turnaround in the past two years, feels director (personnel) Ivan Mathias, is that there has been much greater understanding between the management and the workforce. This has been important in a company which had been plagued with bad in-

A FLASHY SHOWING

(Rs crore)

	Year ended 31 March 1991	Year ended 31 March 1990
Sales & other income	569.30	421.97
Cost of materials	339.66	238.84
Salaries & wages	48.38	45.58
Interest	15.12	21.91
Profit before tax, depreciation & extraordinary items	42.75	20.05
Depreciation	12.97	11.93
Profit on sale of property	1.21	9.74
Employees' voluntary retirement scheme	2.26	5.44
Provision for past gratuity & adjustment for previous years	—	8.38
Profit before tax	28.73	4.04
Tax	—	0.80
Profit after tax	28.73	3.24
Dividend (%)	20.00	10.00

Source: The company.

What would make a man give up a career with the ICS, and plunge headlong into the uncertainties o industry - at the age of 51? For Velagapudi Ramakrishna - the founder of KCP - it was an inspiring vis To shape a strong, industrialised nation. To see rural India prosper. His first challenge: to turn around a sick sugar plant at Vuyyuru, Andhra Pradesh, in 1941. The very same plant that the industry looks up to today, as one of the best managed, largest capacity sugar plants in the whole country! Ramakrishna carried on his mission with zeal...

Not every future industrial



olding sugar plants, cement plants, heavy engineering facilities. Far reaching welfare programmes -
generating development and self sustenance in rural Andhra Pradesh. Turning everything he touched
o gold. Today KCP is shining with the same quality of inspiring leadership. A Rs 150 crore

egins life at 51.

diversified company known for technological innovations and a strong, dynamic management style.

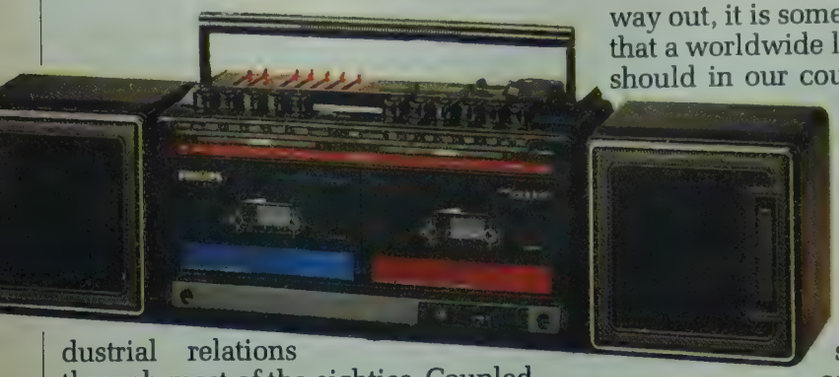
If Ramakrishna - the man with the 'Midas touch' - were alive today, he'd be particularly happy about the cause of our celebration. Because KCP has just turned golden this year.



KCP's sugar plant at Vuyyuru. A triumph of technology that was the forerunner to other successes in sugar, cement and heavy industrial equipment.



NIA 7810



way out, it is somewhat anomalous that a worldwide leader in the field should in our country be reduced to this pass. Better government liaison, an improved corporate "image," and greater "entrepreneurship" may be essential for the company's future growth in the country.

dustrial relations through most of the eighties. Coupled with this has been a "cleaning up" of the organisation by stressing integrity among managers. It had been perceived by some observers that dishonesty in the organisation had earlier become a creeping cancer. But the Bergvelt years have changed all that.

"No one can save a company from bad management," says Mathias. "We have succeeded now because, above all, the management has taken tough decisions, and both acted and talked straight." Mathias is currently busy stressing managerial human resource development in a good part to attract the best talent once more to the company. This is especially necessary if Philips is to hold its own in an increasingly competitive market, and gain an entrepreneurial edge.

The financial success in 1990-91 notwithstanding, there have been too many reverses for Philips India in the eighties. The latest of these have been the unsuccessful TV picture tubes manufacturing proposal and the disappointment about the negative government signal for making VCRs and VCPs. In the latter case, a lucrative Rs 550 crore market (of which half is made up by smuggled items) has been closed to the company.

Currently, the company may therefore be thinking about arriving at an understanding with some other manufacturer to market VCRs through the Philips dealer network. While such an arrangement may be the only

To some degree, the proposed strategic alliance with the Tatas might help. The company proposes a convertible debenture issue on a rights basis, with preferential allotment such that Tata Industries (which is front-ending the alliance for the Indian business house) obtains a 10% equity stake. There had been some earlier talk of Nelco (which is part of the Tata group) working closer with Philips in colour TV manufacture, but today the situation may have changed with the Salt Lake factory being out of the woods and able to stand on its own feet.

It would appear that the only potential gain for Philips India, in this alliance with the Tatas, is that Eindhoven's fears of the Indian company being taken over will be allayed (since the Dutch holding of 40% combined with the Tatas' 10% would amount to a majority). It is also possible that the Tatas' image and clout will allow for easier government permissions for expansion. However, currently, when widespread changes in government policies are taking place, all this may be of limited benefit. Philips India needs, in the end, to prove itself independently and grow on its own.

Bergvelt himself points to another problem. In electronics, he feels the gap between world quality and India's is getting wider and wider. "This is not a Philips India problem, but rather an 'India' problem," he says. It may be hoped that with changes in industrial policy, Philips will be able to be less tentative in its approach to this matter and will be able, as a market leader, to set the pace.

Also, management succession remains a weak point with the company. Surely a company as large as Philips India should by this time have had an Indian CEO.



PUTATUNDA: *Satisfied about market growth*

There is also a problem in marketing. Philips India has long been depending on the Philips brand image and its reputation for quality. Gradually, that gloss has somewhat faded. In tomorrow's competitive world, it will need much more than past legacy to make a dent in the marketplace.

Beyond profits, therefore, these are some of the issues Bergvelt's successor will need to address. The management team and, to some extent, the workforce are all lit up now. But it will take some doing to ensure that they do not blow their customary fuse.

□ Subrata Roy

PHILIPS' ELECTRONIC COMPONENTS FACTORY AT LONI (PUNE): *A successful year*



INDAL: SOME HICCUPS

In an environment where multinational affiliates are at an intrinsic disadvantage vis-a-vis indigenous competition, it is not wholly surprising that Indian Aluminium Co (Indal) has turned in a slightly disappointing balance-sheet. While sales increased by a marginal 5% to Rs 564 crore in 1990-91, profits and earnings per share both took a tumble.

Says Indal's articulate and dynamic managing director Tapan Mitra: "We admit that our performance has not been up to our expectation. It is true that the turbulent business environment has been marked by a series of adverse events for our industry in general and Indal in particular, but no excuse is ever good enough."

A whole host of external environmental adversities combined to sledgehammer Indal's corporate strategies, led by a precipitous fall in international alumina prices by $200 per tonne and a unilateral 53% increase in power tariff for the company's Belgaum smelter. To top it all, the market — hit by costlier credit and imports and a general slowdown in the implementation of major industrial projects — failed to expand in line with expectations.

In spite of all these handicaps, Indal's production levels were higher or very close to last year's performance. For example, while primary aluminium production fell a trifle from 66,459 to 64,769 tonnes, for the higher value-added semi-fabricated range, production rose from 67,066 to 69,027 tonnes despite diesel shortages and irregular supplies of critical inputs like coal. And though the alumina export market to the Soviet Union shrank, the company managed to triple its semi-fab exports to reach 4,500 tonnes.

Mitra is now confident that the structural reforms being mooted by the Narasimha Rao administration will provide just the right kind of environment for Indal to consolidate. How?

New projects. Mitra explains that Indal is now poised for the proverbial great leap forward. A number of major and minor projects are on the anvil. These include a 67.5 Mw power plant at Hirakud; a revamp of the Belur cold rolling plant near Calcutta where sheet capacity is being doubled from 25,000 to 50,000 tonnes per annum at a cost of Rs 50 crore; foil lamination and printing lines at the Kalwa and Taloja units; a capacity expansion of the extrusion plant in Orissa; and the development of new mines in the west and east.



MITRA: *Seeing the silver lining*

Further, last fortnight Indal signed a memorandum of understanding (MoU) with an unidentified US company to set up an export-oriented unit in Madras to manufacture printed circuit boards (PCBs). This project will require an investment of Rs 35 crore and is expected to churn out a turnover of Rs 65 crore annually. The unit will produce four-layer boards which are certain to receive export orders. Indal already has a professional grade PCB plant in Karnataka, but order bookings have been poor because of purchase cutbacks by public sector undertakings. Hence the export-oriented expansion strategy, explains Mitra.

Exports of semi-fabs, in particular, have been bullish lately with volume having doubled in the first quarter of the current financial year as compared to the corresponding period last year. Indal's semi-fabs are selling well in Europe and the US. "Our focus for exports is now on general currency areas rather than the USSR," says Mitra. Exporting from India, though, is hardly a cinch: input costs are up to thrice higher than in Canada or Venezuela.

Overall the company projects an 8-10% annual growth in rolled products in the next three-four years while, in extrusions growth is slated at around 10-12%. Some new products like corrugated sheets have been doing quite well. It adds up to an attractive scenario and, with the Foreign Exchange Regulation Act facing the axe, it could be well true that Alcan (Indal's Canadian parent company) will permanently shelve any disinvestment plans it might have ever had. On the contrary, a future move to reinduct Indal as an Alcan subsidiary cannot be ruled out. Let's see.

Indal's performance for the year 1990-91 was nothing to crow about. Nevertheless, the company, with a host of new projects up its sleeve, is all set for better times

□ Ashoke Laha

BHADRACHALAM PAPERBOARDS LIMITED

An enterprise promoted by I.T.C. Limited

PEOPLE-THE DECISIVE DIFFERENCE

SPEECH OF THE CHAIRMAN, SHRI K.L. CHUGH, AT THE FIFTEENTH ANNUAL GENERAL MEETING OF THE COMPANY ON 3rd JULY, 1991, AT HYDERABAD.

Changes in the policy framework would encourage the Industry to become a capable world player and a significant foreign exchange earner, and as I have often said, a major employer in the Rural Sector.

I am pleased to welcome 2,667 new Shareholders who have become Members of the Company during the last year raising the total number of Shareholders to 14,724.

Last year's results are a continuing tribute to the unrelenting efforts of your Company Employees and I take this opportunity to express, on your behalf and on behalf of the Board of Directors, our appreciation of their efforts. Despite adversities in terms of floods and some temporary personnel issues, **profit after tax increased by 91%, to Rs. 15.47 crores, with earnings per share improving to Rs. 14.64 from Rs. 7.67. Capacity utilisation during the normal working period, at 138%, was an all-time high. Considering the good performance of your Company, your Board has recommended an increased dividend of 37.5% compared to 32.5%** in the previous year. Investors' confidence in your Company is reflected in the high price of your Company's share, which has for the first time crossed the price level of Rs. 150/-

Coupled with the above facts is the reality that your Company has brought progress, opportunities, and new light and life to a backward area. These verities must give you cause for satisfaction as owners. It makes you investors in progress and enriches the quality of the returns which you earn on your investment.

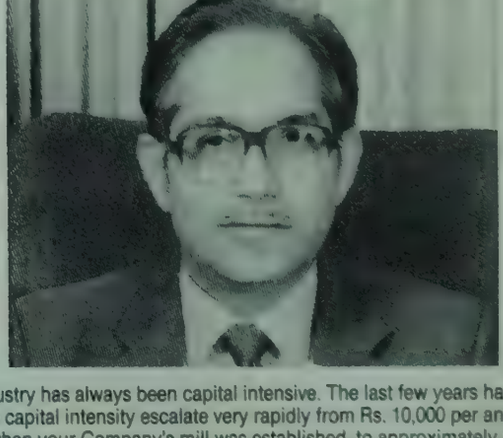
You will recall that last year I had shared with you that your Company was embarking on a market expansion strategy to ensure profit, growth, and survival. This meant that whilst we would retain our position in traditional strongholds, we would be entering the high-value premium segment of the market. I am pleased to communicate that in furtherance of its competitive strategy, your Company has successfully developed, through Research and Development, high-value products, both for the domestic and the international markets. **You are aware that your Company has been pro-active, and has made timely investments in the last few years, the benefits of which we are now reaping. To further fortify our position in the Industry, we will continue to make substantial investments in modernisation, quality upgradation, balancing equipment, and capacity expansion.** All this would require substantial liquidity. In this perspective, your Board has transferred Rs. 11.5 crores to General Reserve this year, raising the total General Reserve to Rs. 36 crores.

Amongst the most important sources of competitive advantage is superior energy management. The commissioning of the Atmospheric Fluidised Bed Combustion Boiler, with a turbo-generator of matching capacity, completes the total energy project which shields your Corporation from the vagaries of external power supply and arms the Organisation with further competitive edge.

To enable the Industry play its role, both in the national and international perspective, Government Policy must encourage investments not only for modernisation of existing capacities, but also for establishing fresh capacities, ...Towards this, the import of critical capital equipment will need to be encouraged at rates of import duty much lower than the prevailing 85%.

Sharing the national concern on the Balance of Payments position, YOUR COMPANY THROUGH AN AGGRESSIVE AND VIGOROUS EXPORT EFFORT HAS EMERGED AS THE LARGEST EXPORTER OF PAPER IN INDIA. **Our export earnings have increased by 60% compared to the previous year, to over U.S. $ 3.5 million.** The success of our export effort is axiomatic of the fact that the Indian Paper Industry is capable of capturing market niches in the full face of international competition. The present prognosis is that the industry has to gear itself to satisfy a demand of 52 lakh tons by the year 2000. However, in the perspective of the success of our international efforts, we may, indeed, have set our sights too low. Changes in the policy frame work would encourage the Industry to become a capable world player and a significant foreign exchange earner, and as I have often said, a major employer in the Rural Sector.

We cannot, of course, predicate the Industry growth at the cost of the environment or pulp-wood supply from the natural forests. Pulp-wood has to be grown in Captive Plantations and Economy of Scale in mill sizes will have to be built in, with technology that is contemporary, to become competitive and give the consumer, quality products at prices that are internationally competitive. Presently, the Industry is dependent on large imports of raw materials, both pulp and waste paper, consequent to the ban on supply of pulp-wood from natural forests. As a measure of conservation, the Government had placed import of raw materials under open general licence and had also exempted it fully from customs duty. It is unfortunate that customs duty of 40% on waste paper and 10% on pulp has since been imposed making domestic production very expensive. This is likely to become counter-productive and would stifle the domestic industry. The eventual outflow of foreign exchange to import the finished product to bridge the supply/demand hiatus will be higher than the outflow of foreign exchange to import raw materials for use by the Industry in India.



Paper Industry has always been capital intensive. The last few years have, however, witnessed the capital intensity escalate very rapidly from Rs. 10,000 per annual installed ton, in 1979 when your Company's mill was established, to approximately Rs. 40,000 per annual installed ton, today. At this cost, the setting up of a mill of Bhadrachalam's size would involve an outlay of over Rs. 300 crores. To enable the Industry play its role, both in the national and international perspective, Government Policy must encourage investments not only for modernisation of existing capacities, but also for establishing fresh capacities. Towards this, the import of critical capital equipment will need to be encouraged at rates of import duty much lower than the prevailing 85%.

Perhaps the single greatest upheaval in the traditional paradigms of business is in the area of Information Systems and Organisation Design. Since Information Sytems have increased the span of managerial jobs, it tends to flatten the organisation structure an releases whole layers of people from routine communication, coordination and contro jobs. The conventional pyramidal organisation is gradually transforming into an organisation of clusters and networks of people who form, dissolve, and re-form, to resolve issues in a turbulent and dynamic environment.

In the National Policy Framework, therefore, if the Government -

(1) facilitated the Industry's investments in scientifically managed plantations;
(2) allowed the import of critical capital equipment at rates of import duty that are much lower than prevalent today, enabling the Indian Engineering Industry to add further value; and
(3) in the short term, reduced the customs duty on the import of pulp and waste paper

the Industry would be able to make meaningful strides towards progress and become a source of strength and prosperity to the national economy. Attention of Government, therefore, must focus on these issues which are, in fact, opportunities for Government and Business to affirm their partnership in the Nation's development.

The fundamental task of your Management is to ensure the prosperity of your Company in perpetuity. Continued environmental scanning reveals opportunities in the Financial Services Industry. These opportunities are matched by complementary skills within your Organisation. Diversification into this Industry would create new income-streams which will further strengthen your Company. It is considered advisable therefore to enter this business on a long-term basis through a wholly-owned subsidiary. The investment in this company to start with will not exceed a sum of Rs. 5 crores, with your Company having the controlling interest. To infuse strength into this diversification proposal, it is necessary to integrate certain intangible assets which rightly belong to your organisation. As members, you are aware that Bhadrachalam Paperboards Limited was promoted by ITC Limited. In its embryonic years ITC Limited nurtured Bhadrachalam through its trials and tribulations. Since Bhadrachalam Paperboards Limited is an integral part of the ITC Group, it is proposed to change the name of your Company to 'ITC Bhadrachalam Paperboards Limited'. The intangible assets of two strong and vibrant names - ITC and Bhadrachalam - will not only further strengthen of your Company, but will also infuse a competitive strength to our new proposed Financial Services Organisation. I look forward to your support for these proposals.

PEOPLE - THE DECISIVE DIFFERENCE

I now come to today's theme which is dedicated to the people who make things happen. THEY MAKE THE DECISIVE DIFFERENCE. Human Resource is the prime mover of advancement and development. The strides that companies and, indeed, countries make is founded on the ability of leadership to tap the productive genius of a people. However, to develop people appropriately, it is necessary to comprehend the emerging scenario and the environment in which they will have to perform.

THE CHANGING BUSINESS ENVIRONMENT

Ours is a protected economy and this has impeded accelerated accretion to national wealth. Undue protectionism has created a high-cost, low-quality economy. Resultantly

In a globalising world, our competitiveness is poor. This reality is reflected in our Balance of Payments and Internal Debt position, which has reached crisis proportions.

Whilst we ponder over our own realities, a new world economic order is rapidly taking shape. Philosophies and dogmas which held sway for over a century have been dismantled in less than one year. Throughout Eastern Eupope the cry is to shift from a command to a market economy. The business-geography of the world is changing with the emergence of economic communities ushering in a new kind of citizenship and creating new compulsions, opportunities, and challenges for countries and companies throughout the world. These developments will seminally affect the way Nations and Corporations strategise to ensure their growth and survival and prove their 'good corporate citizenship'.

.. the work-force and personnel of the future, will contain numerous specialisms which need to interact synergistically. Business leaders must encourage and create the circumstance for team building and productive collaboration between Specialist and General Managers to achieve business results.

To meet the challenge posed by these rapid changes, it may be necessary to question the fundamental precepts of the model followed by us till now, which places capital at the centre of the developmental process. I believe that Capital should now be replaced by People who should occupy the centre stage. Of the seven basic resources of the manager (Men, Machines, Materials, Money, Time, Land and Ideas), it is the human resource that creates value and achieves the productivity necessary for success. What then must be the framework for human resource strategies? What will equip the People of Tomorrow to manage the market, products and technologies in the emerging world economic order? Answers to these questions is a Top Management responsibility. Today's Top Management must prepare its people to face the challenges ahead and thus perpetuate the Organisations they govern.

CREATING AN INTERNATIONAL PERSPECTIVE

To create the market-driven companies of the future, we will have to develop an international perspective in our employees to facilitate the required change. Traditionally our people have confined their perspectives to within National boundaries. The changing demands make this perspective obsolete.

In the sphere of Marketing,as the future unfolds, perceptions of the customer are changing from a Mass Market in the 50s and 60s to a Segmented Market in the late 70s and 80s, and now into a matrix of niches with a very demanding product and service satisfaction criteria. To succeed in a stochastic marketing scenario, we will have to underscore the basic maxim of marketing, that the customer must come first. We must affirm that marketing expenditures are in fact investments in creating competitively superior products and services. Marketing processes must not be limited to the marketing function but should include the entire organisation, and strategy must integrate the various structures and functions of an organisation to deliver satisfaction to the customer on an on-going basis. Cross-cultural and international marketing will require the induction of skills and the infusion of marketing knowledge through training programmes within the Company.

Technology ingestion will have a significant impact on almost every aspect of business. The technologies of yesteryears which were based on conventional electrical, mechanical, and chemical engineering, are now being overtaken by new knowledge in microelectronics, semi-conductor, genetic engineering, and robotics. Strategic alliances will have to be forged to facilitate skills and knowledge transfers to create globally competitive concerns. These new alliances, knowledge, and technologies create opportunities for learning and training a new breed of people. The ingestion of this new learning will create new opportunities for human resources development in a multinational context.

Perhaps the single greatest upheaval in the traditional paradigms of business is in the area of Information Systems and Organisation Design. Powerful new software in On-Line, Expert, and Executive Information Systems have been developed. These in tandem with hardware breakthroughs in Cellular Radio Technology, Optical Storage Media, and Neural Networks, have made Information Technology increasingly people friendly. The most significant area of the effects of this Technology on the modern organisation is in the sphere of Organisation Design. Since Information Sytems have increased the span of managerial jobs, it tends to flatten the organisation structure and releases whole layers of people from routine communication, coordination and control jobs. These resources can be retrained and redeployed.

.. leadership must encourage risk-taking and innovations to face the changing challenges that organisations have to deal with in the emerging world economic order. Leaders must allow for occasional failure,as a process of learning.

The conventional pyramidal organisation is gradually transforming into an organisation of clusters and networks of people who form, dissolve, and re-form, to resolve issues in a turbulent and dynamic environment. In the 'flattened' organisation structures of future companies, compensation packages will not necessarily follow the logic of level in a pyramid. Infusing knowledge into, and empowering the work force will create the commitment necessary for competitive success and will prevent undesirable obsolesence and turnover.

In no other area has the future arrived faster in our 'global village' than in Financial Management. In this area Information is directly linked to competitiveness in the trade of financial instruments. These developments in Financial Management will facilitate increased investment opportunities, and the emergence of tailor-made products for specifically defined customer segments. Expertise in currency management and funds deployment will have to be created. The role of the controller will now progress from Financial Accounting and Management Accounting to a new form of Strategic Business Accounting.

BLUEPRINT FOR THE HUMAN RESOURCE

Traditionally the accounting treatment of people classifies them as 'costs' rather than 'investments'. How often have we heard that 'People are our greatest asset'? The tragedy is that this is becoming a cliche. Actions have belied words, and the wrong kind of compromises have been made which have affected the credibility of leadership. In India over protection and lack of competition in the economy has created a situation leading to a continuous outflow of human talent which aspires for meaning in their work, as well as improved monetary rewards. It has given us the luxury of accepting mediocrity. Managerial practice has often used talent but rewarded mediocrity for their own comfort. This style of management is a complete anathema to the internationally competitive organisation we want to create and establish.

In formulating our blueprint we must begin with the creation of an Organisational Philosophy. This Philosophy must have the active commitment of people. It must not be so esoteric that it is difficult to comprehend throughout the company. Most importantly it must be seen to be practised. In fact, it is better not to have an organisational philosophy at all, rather than to have one which is denied every day in our work practices. This affects morale adversely and breeds cynicism in the Organisation. In Bhadrachalam we knew that our people could share a common vision only if that sharing was rooted in a common culture. Over the years our organisation's philosophy based on knowledge, candour, understanding, commitment, hard work and mutual respect, has created a vibrant culture which has enabled your Organisation to achieve pinnacles of productivity. To paraphrase a verse in the Rig Veda 'there is union amongst us because of the common wishes of our hearts.'

Based on our philosophy and culture, people policies and practices in Bhadrachalam, have been formulated. We have tried to foment a sense of fraternity, togetherness, and belonging. We have emphasised the pre-eminence of the team and have underscored the reality that the output of hard working teams is greater than the sum of the individual inputs of the persons who comprise the team. We have given competitive monetary rewards, have ensured hygenic work and living space, and have created the availability of the basic amenities for health and education. In short, we have designed and delivered an anxiety-free environment, conducive to learning, performance, productivity, and progress. These actions have been fundamental to the success of your Company which was facing the challenge of creating a successful enterprise, and a new culture - in a backward area and in a very competitive industry. As a measure of our commitment to learning your Company is establishing a Research Centre, which will pursue research and harness actionable knowledge relevant to business management practices in India.

As we take ourselves forward to grow and carve a niche in international markets, we can take sustenance from our past investments. **If learning has become an organisational habit, we can face the future of discontinuous change with confidence.**

To make work productive and people achieving, we have to effect the transition from the managing of personnel to the leadership of people. To achieve this successfully, leaders must:-

First, shift their role from the directing to the development of the human resource. In the rapidly changing markets and customer requirements of the future, with far-flung operations, it is impractical to direct the work force in the traditional sense. The development of people, and infusing them with new knowledge and learning is the sure formula for future success.

To effect the transition from national performance to international entrepreneurship, strategies will have to be formulated around the development of the human resource.

Secondly, leaders must provide parameters for employees to become increasingly self-managed. The employees of the future will desire a degree of autonomy and psychological ownership of the jobs which they perform. This will give them a sense of achievement and will enhance cosiderably the productivity of their efforts.

Thirdly, the work-force and personnel of the future, will contain numerous specialisms which need to interact synergistically. Business leaders must encourage and create the circumstance for team building and productive collaboration between Specialist and General Managers to achieve business results.

Fourthly, speed has become the watchword. The one common denominator in all dimensions of business in the future will be managing the increasing rate of change. Business leaders must adopt practices which stimulate speedy responses from the organisation. To achieve this,decision-making must be decentralised to the lowest level possible and people must feel 'empowered', to act rather than to keep seeking permission. To improve the quality of decision-making, business leaders must ensure that employees have access to the necessary information which is required for the making of their decisions.

Finally, leadership must encourage risk-taking and innovations to face the changing challenges that organisations have to deal with in the emerging world economic order. Leaders must allow for occasional failure,as a process of learning.

In developing our blueprint for the management of the human resource, it must be underscored that what we need is not meetings, seminars and proclamations; but action.

But no meaningful human resource strategy can ignore our senior citizens. The retired human resource is still an employee on pension and as elders and ambassadors of the Corporation, their interests and well-being must continue to command our due attention. Organisations that value people must prepare them to lead lives of fulfilment and achievement even after they have finished their years of productive service in the Organisation.

CONCLUSION

In conclusion, the performance of your company during the last year, and indeed, over the past eleven years, gives us cause for satisfaction and sanguinity. The efforts of your employees have made your Organisation a leading entrepreneur on the national scene in the paper industry. But there are developments in the environment which will engulf us and compell us to make changes that enable us to succeed in the emerging international economic order. To effect the transition from national performance to international entrepreneurship, strategies will have to be formulated around the development of the human resource. To implement these strategies will not be an easy and painless task. But there is no alternative and no escape from this challenge. Let us therefore commit ourselves and move ahead with determination and confidence

This does not purport to be a report of the proceedings of the 15th Annual General Meeting

ULKA H.R.M 16001

NEWS BRIEFS

■ The Board for Industrial & Financial Reconstruction (BIFR) has sanctioned a Rs 4.55 crore rehabilitation package for the sick **Pefco Industries**. Under the scheme, the company will be merged with Kores India, which is under the same management.

■ **Essar Gujarat's** Rs 3,875 crore joint sector integrated steel project at Vijayanagar in Karnataka may be given the go-ahead by the Centre soon, according to *The Business & Political Observer*. The Karnataka government has already cleared the project.

■ **Dalmia Industries** chief Sanjay Dalmia has submitted a proposal to the government for taking over the ailing airline **Vayudoot**. The UB group and Jagson International are also in the race to acquire the company.

■ Italian company **Fiat** is set to enter the Indian market. According to chairman of the Indian section of the Indo-Italian Joint Business Council Raghu Mody, the company is planning to enter the spare parts and components sector.



MODY: *Italian connection*

■ The Monopolies & Restrictive Trade Practices Commission (MRTPC) has restrained soft drinks manufacturer **Pure Drinks** from continuing with its gift scheme. The restraint order will continue till the MRTPC determines whether the scheme, which offered a Maruti car — among other things — as a prize, constituted an unfair trade practice.

■ **Bombay Dyeing** chief Nusli Wadia's application for setting up the Rs 1,450 crore Madras gas cracker project has been rejected. According to *The Economic Times*, the ministry of petroleum and natural gas has decided to continue with the original promoters — Madras Refineries Ltd (MRL) and Southern Petrochemical Industries Corp (Spic) of the Muthiahs.

■ **Kelvinator (India)** is to resume operations soon. The company has been under a lockout since 21 May due to labour trouble and violence. It has suffered a loss of Rs 56 crore in terms of turnover courtesy the lockout.

■ **Union Carbide** has got a letter of intent (LoI) to set up a new undertaking in Jammu to manufacture 60 million dry batteries.

■ Bombay-based software company Intec Systems is setting up a 100% export-oriented unit (EOU) — **Intec Overseas Software** — which will enter the capital market in December 1991. The project cost is estimated at Rs 10 crore.

■ The **Crown** group has bagged a huge export order for supplying 14-inch black-and-white TV sets to West Asia. According to group chairman J.S. Jhaveri, the company expects to execute the order — for 72,000 sets — in a year's time.

■ **Ranbaxy Laboratories** is planning to set up a Rs 48-crore company to manufacture bulk drugs and drug intermediates in Himachal Pradesh (HP). The company may be set up as a joint venture with the HP government.

■ **India Foils** has embarked upon a Rs 36.5 crore modernisation programme to expand capacity from the present 7,000 tonnes per annum (tpa) to 10,000 tpa. The modernisation plan is expected to help increase exports to about 40% of production.

■ **Dunlop India** and the West Bengal Industrial Development Corp (WBIDC) are setting up a Rs 67 crore carbon black unit — a downstream project of Haldia Petrochem. G.M. Hubee of the US will supply the technology for the unit, to be called Sun Carbon Co. which will have an installed capacity of 50,000 tpa.

■ The **R.P. Goenka** group has put forward its bid to participate in the Uran and Khaparkhed power projects in Maharashtra. The Tatas, Reliance Industries, the Dhoots of Videocon and the Mittals of the Ispat group are also in the race.

■ The Rs 140-crore **Rane** group has decided to revive a proposal to set up an EOU for engine equipment with an American collaboration. The group is hopeful of doing so because of the installation of the new Congress(I) government at the Centre and its positive policies. The proposal was held up because the US partner was discouraged by the state of the Indian economy.

■ The National Dairy Development Board (**NDDB**) will soon be marketing a cheaper brand of blended vegetable oil brandnamed Lok Dhara. According to NDDB chairman V. Kurien, the Union government had given permission to the Board to blend edible oil in view of the rapid increase in the prices of edible oil.

KURIEN: *Oil for the people*



■ **Rossell Industries** is planning to implement a project, costing between Rs 15 crore and Rs 18 crore, for manufacturing silk yarn in collaboration with Marubeni of Japan. The project is to be located in Orissa.

■ Ballarpur Industries Ltd (**Bilt**) of the Thapar group has drawn up plans to take over the sick **Modern Stramit**. One share of Bilt will be exchanged for 15 shares of the latter. Besides, Bilt has a Rs 195 crore rights convertible debenture issue lined up to finance its modernisation plan. The 15% oversubscription will be retained to finance the rehabilitation of the Sewa Paper Mills and Choudhwar unit of Titagarh Paper Mills and a glass unit at Pondicherry.

■ PepsiCo of the US has reportedly placed a huge order with its Indian affiliate **Pepsi Foods** for manufactured goods such as tomato paste, Basmati rice, tea and seafood, among other things. An agreement to this effect was signed between PepsiCo vice-president (world trade) and Pepsi Foods managing director Ramesh Vangal.

Meanwhile, the government has



VANGAL: *Trouble ahead?*

asked the concerned ministries to examine allegations that Pepsi Foods was not fulfilling its export and other obligations as stipulated in its LoI.

■ The **Jindals** have pulled out of the Rs 4,300 crore, 3 million tpa Daitari steel project which they were to implement in the joint sector with the Industrial Promotion & Investment Corp of Orissa Ltd (Ipicol). This move has been prompted by the devaluation of the rupee, which has upset profitability projections.

NEW SERVICES

■ The Travel Corp of India (**TCI**) has made travelling overseas a little simpler with its recently-introduced **Resotel** — its international hotel reservation service. The service, TCI claims, will get travellers confirmed room reservations overseas at rates lower than the tariff at more than 2,000 tourist, moderate and first-class hotels in Europe, Japan, Australia, south-east Asia, the UK and the US.

■ **Telco** has introduced a new warranty on its light and medium commercial vehicles (LCVs and MCVs), which the company claims is unmatched by any automobile manufacturer in India. In the LCV range, the warranty on the Tata 407 will be up to 3 lakh km or for a period of three years from the date of sale, whichever is earlier. And the Tata 608 and the 1210 series of vehicles have a warranty of up to 1.5 lakh km or 18 months, whichever is earlier.

■ **Prime**, the public issue monitor, is publishing a directory on the primary capital market. It will list the names, addresses, telephone numbers, contact persons, activities and profiles of over 2,000 organisations connected in any way to the primary market.

For further details contact: Praxis Consulting & Information Services, C-101 Rishi Apts, Alaknanda, New Delhi 110 019. Tel: 6437120.

EVENTS

■ The Indo-American Society's (**IAS'**) seminars on 'Export Management' couldn't be more timely, given India's foreign exchange problem. The first is on 2-3 August and the second on 22-23 August. Both are to be held in Bombay.

For further details contact: Jairaman, Indo-American Society, Kitab Mahal, Reveline Street, Bombay 400 001. Tel: 2044882.

■ The Continuing Education & Training Centre (**CETC**) has organised a two-day programme on 'Improving Business Writing Skills' for secretarial and administrative assistants. To be held on 11-12 October in Bombay, the course teaches what effective writing is and how to use the available tools effectively.

For further details contact: CETC, 202, Ram-Nimi, 2nd floor, 8, Mandlik Road, Colaba, Bombay 400 039. Tel: 2045333/2655.

JUBILEE

■ **Thomas Cook**, pioneer in the travel agency business, is celebrating 150 years of its existence.



Though no longer a family-owned organisation (the Midland Bank of the UK owns it), the management is following in the footsteps of its founder — Thomas Cook. It was Cook who, around 1873, launched what eventually became the Circular Note — a forerunner of today's travellers cheques.

AWARDED

■ The anti-fungal agent Diflucan, manufactured by **Pfizer**, has been honoured with the 1991 Queen's Award for technological achievement. The award, granted by Queen Elizabeth II on the advice of the prime minister of the UK, has been made to Pfizer Central Research in Sandwich, UK.

ICDS Ltd.

announces

Rights Issue

Issue Opens

on

22nd July '91

Industrial Credit & Development Syndicate Limited

REGD. OFFICE: SYNDICATE HOUSE, MANIPAL - 576 119

20,00,000 equity shares of Rs. 10 each for cash at a premium of Rs. 20 per share issued on a rights basis to the shareholders of Industrial Credit & Development Syndicate Limited (ICDS Ltd.)

- ★ Dividend payment record since inception in 1971. Dividend payment for last four years at 25% on enhanced capital after making two successive bonus issues in 1989 and 1991 in the ratio of 1:1 and 2:3 respectively.
- ★ Book value of Company's share is Rs. 41.05. Quoted in Bangalore Stock Exchange as on 1st July, 1991 at Rs. 62/- on Ex rights basis.
- ★ Company's EPS is Rs. 8.24 on enhanced capital of Rs. 5 crores for the year ended 31-3-1991.
- ★ Top class management of the Manipal Group lead by Sri T. Ramesh U. Pai.
- ★ Company with unique record in mobilising deposits.
- ★ FAA + CRISIL rating for Company's deposit schemes.
- ★ Fund base exceeding Rs. 150 crores.

Financial Highlights:

Rupees in Crores

	1990-91	*1989-90*	*1988-89 (8 months)*	*1987-88*
Advances & Investments	**164.24**	107.94	76.35	60.76
Operating Profit	**24.62**	17.75	13.03	9.32
Profit after Tax	**4.12**	3.25	1.67	0.77
Capital & Reserves	**20.53**	17.74	13.08	11.06
Deposits	**104.75**	73.21	56.10	45.62
Dividend	**★25%**	25%	★16%	25%
EPS	**★8.24**	10.45	★9.43 (Annualised)	13.74

★On enhanced capital after issue of Bonus Shares.

The Letter of Offer and Composite Application Forms have already been despatched to all the shareholders whose names appear in the Register of Members of the company as on the record date i.e., 1st July, 1991. The shareholders who are not in receipt of the same, may write to the company at its registered office quoting the ledger folio number.

ISSUE CLOSES ON 21st August, 1991

Managers to the issue:

Canbank Financial Services Ltd.
(A wholly owned subsidiary of Canara Bank)
World Trade Centre
FKCCI Building
K.G. Road
Bangalore – 560 009

If the company does not recieve the minimum subsription of 90% of the issued amount, the entire subscription will be refunded to the applicants within 90 days from the closure of this issue. If there is a delay in refund of such amount by more than 10 days (after the aforesaid period of 90 days) the company will pay interest at 15% p.a. for the delayed period.

"WE HAVE TO KEEP PACE"

Rajesh Pilot, the affable new minister of state for communications is a man in the hot seat. With a revised telecom policy on the anvil and with the restructuring of the telecom sector, he will be hemmed in by the 4.5 lakh strong department of telecommunications (DoT) workforce, multinational companies and bureaucrats. In a wide-ranging interview, BusinessWorld spoke to the minister to gauge the directions of change. Excerpts.

■ On whether privatisation will be the single major thrust of his policy changes in the telecom sector.

No. It will not be. I have said that we will encourage the private sector where the public sector is not capable. That does not mean that we are totally going in for the private sector. We will encourage the public sector to compete with the private and joint sectors.

■ On privatising the production of switching systems.

Actually, it is on the production side that we want the public sector to compete. There is a tremendous demand for the 10,000-line system. For example, the waiting list for telephones has gone up to 20 lakh. If I say only the public sector will be allowed here, then it will not work. I have to share this burden with both the private and joint sectors.

■ On the main thrust of the forthcoming telecom policy.

Efficiency has to come in the telecom sector. There has to be more autonomy and flexibility of functions. For example, (even) the sub-divisional officer (SDO) in an area should have field powers. That is my aim. If the SDO does not have the powers to spend Rs 20, then he cannot keep the service going. For this, more autonomy, decentralisation and flexibility are needed.

■ On whether decentralisation and deregulation will mean that the telecom commission will be shorn of its powers.

The telecom commission was formed with a particular aim. To fulfil that aim, the organisation comes in. Communication to reach everyone and within the reach of everyone — that is my aim and theme for the telecom sector.

■ On the contradiction between his reported statement that there is scope for alternative technologies and the DoT secretary's statement that there will not be a third technology apart from the centre for development of telematics' (C-DoT's) and Alcatel's.

My mind is open. Technology is changing very fast. (We) have to keep up. You really cannot close your eyes and say that I am happy with this technology. Because, if tomorrow someone convinces me that you can really modify your technology, then I cannot ignore it. A lot of improvements have taken place with (C-DoT's)



technology. But if you say that I am happy with the technology then that is also not possible, particularly in this sector. Let me tell you, abroad, communication technology is so easily available. You have to be with the world. You cannot lag behind. You have to march with the prevailing technology. We should be at par with the other technologies of the world.

■ On whether India will finally get the upgraded Alcatel technology or wait for C-DoT to deliver.

Alcatel has done some modifications with E-10B technology (abroad). We should get the upgraded technology automatically. My mind is open on a modified E-10B. If it suits us, then fine.

■ On whether this is an indication of his preference for imported technology.

No. (Ultimately) one basic aim is that we must have our indigenous technology. That is C-DoT's.

■ On whether he will be reviewing C-DoT's poor performance and its inability to stick to schedules.

Let me first satisfy myself. They (C-DoT) have told me that the main automatic exchange (Max) which was to have been ready by this year will now be ready by August.

They (C-DoT) have had some problems. Some of them are genuine and some could have been avoided. I am trying to find out the exact nature (of the problems) before taking them up. Give me some time before I go through everything and come out with a positive answer.

■ On whether the telecom sector will be restructured.

The Athreya committee report has just been given to me. I will go through it and then I will go to the government with my views. Then we will decide. But I fully agree with one thing. We must decide one way or the other. When the Mahanagar Telephone Nigam Ltd (MTNL) was set up, the government then had something in mind. It took the decision about MTNL. But we have not decided on how it should function. This can't carry on for long.

■ On how soon the decision on the restructuring will be taken.

We will decide shortly. I am saying shortly because that will give me my own way. I have to go to the government. It might take some time.

■ On whether he is in favour of "corporatisation" of the telecom sector.

My opinion today is not important because ultimately I have to go to the government with it. It (corporatisation) has its plus and minus points. We have to view what suits us today for better and cheaper communications.

NEWS BRIEFS

■ The State Bank of India (**SBI**) is planning to raise Rs 500 crore from the capital market through a **public-cum-rights** issue. Unlike nationalised banks, which are wholly-owned by the government, the Reserve Bank of India (RBI) has a 91% shareholding in SBI, the rest being with the public.

■ The Union government has decided to **freeze** all further **investments** in **equity** of public sector banks. This could prove to be an incentive to banks to raise capital from the stock-markets.

■ The finance minister, Manmohan Singh has **defended** the decision of the Chandra Shekhar government to pledging a further 21.8 tonnes of its **gold** reserves with the Bank of England.



SINGH: *Defending Chandra Shekhar*

■ The government has **debarred banks** from accepting **cash payments** of Rs 50,000 and above for the issue of demand drafts, mail and telegraphic transfers and travellers cheques.

■ **Foreign banks** operating in India have made substantial profits on account of the devaluation of the rupee. These banks had gone in for large-scale **forward contracts** in hard currencies during the past few years.

■ Public **deposits** in both banking and non-banking institutions **declined steeply** in 1987-88 despite various deposit mobilisation efforts according to an RBI survey.

■ The job of **market-making** in the newly-introduced **Exim** scrips will be entrusted to a financial institution which will eventually become a Sebi (Securities & Exchange Board of India)-type organisation with regulatory powers.

■ The committee to look into the development of new stock exchanges has suggested the setting up of a **parallel stock exchange** in Bombay. The suggestion stems from the view that there is too much resistance from brokers to any regulation and the pace of change is too slow.

■ The **priority sector** obligations of public sector banks may be revised downwards.

■ An **Exim Bank** study has implied that primary product exporting countries should not rely on the free market which worked to their disadvantage. A cartel action is necessary.

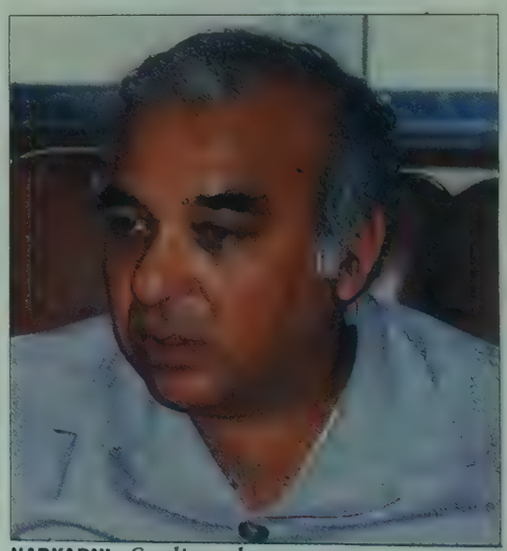
■ The finance ministry is not in favour of the proposal of the developmental financial institutions to hike **term-lending** rates.

■ The Indian Merchants' Chamber has suggested that the government float **dollar bearer bonds**, open for investment by even residents, as a measure to supplement the trade reforms.

■ The Federation of Indian Chambers of Commerce & Industry (Ficci) has suggested that **interest rates** should be **market determined** to send appropriate price signals to suppliers and users of funds.

■ **Vysya Bank** is planning to tie up with an international funding agency and a well-known foreign institution to float a **factoring** subsidiary.

■ The Industrial Development Bank of India (**IDBI**) has projected a **slowdown** in its growth of sanction and disbursements for the coming year. According to the bank's chairman S.S. Nadkarni, IDBI has scaled down its growth target for the current year to 13%, probably the lowest in recent years.



NADKARNI: *Scaling down targets*

■ **IDBI** has received clearance from both the RBI and the finance ministry to raise Rs 350 crore from a **bond issue**. The issue is significant in view of the fact that the government has been asking development financial institutions to depend on market borrowings rather than depend on cheap statutory liquidity ratio (**SLR**) securities.

■ The State Bank of India (**SBI**) is planning to raise Rs 500 crore from the capital market through a **public-cum-rights** issue. Unlike nationalised banks, which are wholly-owned by the government, the Reserve Bank of India (RBI) has a 91% shareholding in SBI, the rest being with the public.

■ The Union government has decided to **freeze** all further **investments** in **equity** of public sector banks. This could prove to be an incentive to banks to raise capital from the stock-markets.

■ The finance minister, Manmohan Singh has **defended** the decision of the Chandra Shekhar government to **lease** 20 tonnes of **gold** as there was "no other option" in that situation.

■ The Indian Banks' Association has signed a **wage settlement** with regard to a hike in allowances with the Indian National Bank Employees Federation.

■ The finance ministry has decided that mutual funds and financial institutions will be permitted to invest only in those **debentures** which have been given an investment grade rating by the Credit Rating Information Services of India Ltd (Crisil).

■ The pledging of 25 tonnes **reserve gold** by the RBI with the Bank of England is a national humiliation according to former RBI governor I.G. Patel.

This hasn't deterred the RBI from

"KEEP CASH ON HAND"

As a broker, 41-year-old J. Venkatramana has pedigree behind him. His father, J.V. Somayajulu, after whom his broking firm is named, was one of the founder members of the Madras stock exchange and Venkatramana himself is an eminently-qualified professional. A Ph.D in chemical engineering from Madras University, he was initiated into broking in 1977. A strong 'fundamentals' man, Venkatramana spoke to BusinessWorld *on the market outlook in an interview conducted before the Union budget was presented. Excerpts:*

■ On the current state of the market.

Scrips, like gold, have become a scarce commodity. Today, money in its organised form cannot go anywhere else. There are estimates that Rs 1,500 crore is still lying with mutual funds waiting to be invested. The general mood is that the market will be on an upswing till the budget. And I still feel that it will continue to do so even after that. The market is likely to go up on two counts. Whatever the harsh measures the budget holds, it will not cut down on cash flows concerning savings and investments. Secondly, the talk of a free market will enthuse the market. The immediate reaction is one of euphoria and this can contribute to the market upsurge.

■ On industries which will be hit badly.

In the short run, in industries where raw materials constitute more than 70% of the cost of production, a marginal increase in taxes can make quite a difference. Inefficiently-run companies will be hit. And in the long run, no matter what the industry, companies which have old plants as their mainstays, and this includes all major groups, will be hit because of the infusion of new technologies. The larger the company the more difficult it will find to come out of a crisis.



I would advise investors to stay clear of the stockmarket now and come back in September-October

■ On industries to look at.

On a scale, industries which produce consumables will be hit last. These (purchasing consumer necessities) are decisions which cannot be postponed. Sectors like food, transport, entertainment, textiles to an extent, home-building products and home plastics belong to this category. Companies like Hindustan Lever Ltd (HLL), ITC and Nestle will be the last ones to suffer on account of compressed demand. In textiles, I would look at spinning and weaving mills. Though the price of cotton has gone up, the rupee has been devalued. Tea companies are also doing well and I would recommend their scrips. I'm also not averse to investing in selected finance companies as they are going to play a bigger role. I would also look at companies which are now in the dumps like Enfield and TVS Suzuki but have a basically sound management and are part of a large group. The replacement costs of setting up a new plant are high and this could be to their advantage.

■ On the investment strategy for a first-time investor.

If an investor does not want to be a speculator, I would advise him to stay clear of the stockmarket. Keep cash on hand as there is going to be a shortage of it all around. There is potential for the market to go up a couple of months after the budget and an investor should stay clear and come back in September-October. The other options are limited. Gold is (priced) too high and real estate is unwieldy; this is to the advantage of the stockmarket.

■ On investor protection.

Investors need protection against institutions. The latter personify insider trading. They must completely sever links with banks and ensure that information is not passed between them. The Securities Exchange Board of India (Sebi) has been hauling up merchant bankers and companies of late, but fortunately brokers do not figure in a big way. As far as investor protection is concerned, brokers are by and large an okay lot till they go bankrupt.

WHO'S OFFERING YOU A TASTE OF SUCCESS?



Indana Spices, that's who.

Indana Group. A food products Company committed to making the Indian housewife's life easier. Pure, high quality, wide range of products. A Strong marketing network and quick diversification catering to almost all areas of household application. No wonder that Indana is an integral part of the Indian household.

Indana Spices and Food Industries Limited, an Indana Group Company engaged in the manufacture of Pickles and Spices, is now all set for a major diversification programme to manufacture and market Tea, Refined Oils, and set up a Flour Mill.

A large market growing at a rapid pace due to increasing urbanisation and changing lifestyles, massive marketing and distribution network and its brand reputation are sure to make its proposed products bestsellers.

Yes, Indana's latest offerings are sure to give you a taste of success. After all, Indana has a legacy of high performance and high returns to live upto.

And now, to part finance its diversification programme, Indana Spices and Food Industries Limited is entering the capital market with a:

Public issue of 3,27,337 & Rights Issue of 5,39,330 14% Secured Fully Convertible Debentures of Rs. 150/- each aggregating to Rs. 1300 Lacs.

HIGHLIGHTS

- It's Indana again—growing Indana Group of Companies diversifying in different areas.

  Presently engaged in production of high quality household products, namely Pure Ghee, Milk Powder, Coffee, Biscuits, Bread, Pickles and Spices.
- Established marketing and distribution network to support proposed products—Edible Oils, Tea & Flour.
- Profit-making, consistently dividend-paying company.
- Participation by BOI Mutual Fund, Indian Bank Mutual Fund and Canbank Mutual Fund.
- Conversion into marketable lots at each stage.
- Easy Liquidity—Listing at Delhi, Bombay, Ahmedabad, Calcutta and Bangalore Stock Exchanges.

Risk Factors

- Raw material availability subject to seasonal changes and Statutory Controls.
- Market for proposed products competitive.
- Project cost subject to change in Government policies, levies & taxes.

INDANA

INDANA SPICES & FOOD INDUSTRIES LTD

Regd. Office: 72, Janpath, New Delhi-110001

The Winning Recipe

RIGHTS CUM PUBLIC ISSUE OPENS ON 8TH AUGUST 1991.

LEAD MANAGERS TO THE ISSUE

The Industrial Credit & Investment Corporation of India Limited, Merchant Banking Division, Jeevan Bharti, Connaught Circus, New Delhi

CANBANK FINANCIAL SERVICES LTD. (Wholly Owned by Canara Bank) Capital Market Group, 1E Vandana Building, Tolstoy Marg, New Delhi

AllBank FINANCE LTD. A wholly owned subsidiary of Allahabad Bank, Parliament Street, New Delhi

IndBank Merchant Banking Services Ltd (Wholly owned by Indian Bank) World Trade Centre, Holiday Inn, New Delhi

CO-MANAGERS TO THE ISSUE

BOI FINANCE LIMITED (A wholly-owned subsidiary of Bank of India) Hotel Connaught Place, New Delhi

PNB CAPITAL SERVICES LIMITED, New Delhi

ADVISERS TO THE ISSUE

62 Basant Lok, Vasant Vihar, New Delhi

If the Company does not receive the minimum subscription of 90% of the issued amount the entire subscription will be refunded to the applicants within 90 days from the closure of this issue. If there is a delay in the refund of such amount by more than 10 days, after the period stipulated for the refund the Company will pay interest at the rate of 15% per annum for the delayed period

Concept

A BANKABLE PROPOSITION

L. V. SHARMA



Of late, considerable interest has been generated in the shares of the State Bank of India (SBI). The bank has a long history behind it, which can probably be rivalled only by the Bank of England. Formed by an amalgam of three presidency banks — Bank of Bombay, Bank of Madras and Bank of Calcutta — the Imperial Bank of India was nationalised and made into SBI in 1955. SBI is governed by a special legislation — the State Bank of India Act 1955. Some of the important provisions of the Act are:

- No individual can hold more than 200 shares.
- SBI is obliged to act as a banker to the government and this special relationship continues to this day.
- Each circle of the bank maintains its own share register and, as of today, there are 13 share registers kept at various local head-offices.
- At the time of takeover, the bank was mandated to open 500 branches within five years. Today, the State Bank group (which includes its subsidiaries — State Bank of Mysore, State Bank of Indore, State Bank of Hyderabad, State Bank of Patiala, State Bank of Travancore, State Bank of Saurashtra and State Bank of Bikaner and Jaipur) has 12,662 branches. It accounts for 28.7% of the aggregate domestic deposits, 32% of total advances, 30.7% of total investments and one-fourth the number of offices of all scheduled commercial banks excluding regional rural banks.

The paid-up capital of the bank continued for a long time at Rs 5.62 crore. This was increased to Rs 50 crore about six years ago, then to Rs 150 crore and subsequently to Rs 200 crore. These increases in the paid-up capital were effected by allotting the entire new issue to the Reserve Bank of India (RBI) and subsequently making rights issues to all the other shareholders. The rights issues were made at a premium of Rs 160 per share on each occasion. Today the position is that more than 98% of the share capital is held by RBI and any move towards privatisation would involve either a further issue to the existing shareholders (other than RBI), or a public issue, or an offer for sale by RBI out of its existing holdings.

A more-than-satisfactory financial performance, prudent accounting policies and consistent dividend payment highlight SBI as an ideal candidate for privatisation



It is common knowledge that SBI is among the better-run public sector banks in the country today and probably the only Indian bank with an international presence. It is the largest in the world in terms of number of branches, and its management structure, training systems and internal controls are the envy of other Indian banks.

For the financial year ended 31 March 1991, SBI reported a net profit of Rs 107 crore after providing Rs 52.97 crore towards depreciation. On a share capital of Rs 200 crore the earning per share (face value Rs 100) works out to Rs 53.50. The bank has been following prudent accounting policies as is evident from the following facts:

- Investments in government securities have been accounted for at lower of cost or market value as at the close of year.
- Satisfactory provisions have been made for doubtful advances.
- The net profit has been arrived at after provisions for doubtful advances.

The bank's share premium account shows a balance of Rs 311 crore and the total reserves position is Rs 1,090.21 crore, including Rs 5 crore of integration and development fund, which gives a break-up value of Rs 645 per equity share of Rs 100. SBI has been a consistent dividend-payer and the last dividend was 25%. The bank has been generally adhering to capital adequacy norms which are common yardsticks to assess a bank's soundness and the margin of safety available to investors and customers.

Given the above scenario, it seems that SBI, whose shares are already listed on the stock exchange, would be an ideal candidate for privatisation. It would be a safe and prudent investment, especially since the shares are considered to be trustee securities, in terms of the SBI Act.

• *The author is a Bombay-based investment consultant.*

NO BIG DEAL

M. D. MUKHI

On 1 July 1989, the Central government launched an investment scheme for retiring employees of Central and state governments. The scheme has been subsequently extended to all public sector companies' employees with effect from the assessment year 1991-92.

Under the scheme, retired Central and state government employees, as also public sector employees, can open an account in their own names or jointly with their spouses, within three months from the date of receiving retirement benefits. But a depositor can have only one account.

The deposit amount will be for a minimum of Rs 1,000 and in multiples of Rs 1,000. It shall not exceed payments made on retirement, whether on superannuation or otherwise, as per these specifications: balance at the credit of the employee in any of the government provident funds; retirement/superannuation gratuity; computed value of pension; cash equivalent of leave; and savings elements of a government insurance scheme payable to the employee on retirement.

The account can be opened at any authorised branch of the State Bank of India or its subsidiary or any of the nationalised banks. Along with the cheque, pay order or demand draft, the retired employee is also required to submit certificates from the employer indicating the retirement benefits and that the company is part of the public sector. On realisation of the amount, a pass book is isssued to the account-holder showing the realisation date as the date of deposit. If retirement benefits are not received in one instalment but at different dates, then more than one deposit may be made in the account.

The interest rate is 9% per annum, payable half-yearly on 30 June and 31 December. Interest earned is totally free from income tax. The deposits are fully exempt from wealth tax under s.5(1)(xxviic) of the Wealth-Tax Act 1957; the ceiling for exemption of wealth tax up to Rs 5 lakh will not apply to the deposits made under this scheme.

The entire balance or a part thereof in multiples of Rs 1,000 can be withdrawn after the expiry of three years from the date of the initial deposit, or the last deposit where more than one deposit has been made in the account. However, there shall be only one withdrawal in a calendar year.

Normally, no withdrawal is permitted during the first year from the date of deposit. But though the deposit is to be kept for a minimum period of three years, premature withdrawal of the principal amount is permitted in certain cases. However, in the case of all such withdrawals after the expiry of one year, but before the expiry of three years, the interest on the amount withdrawn will be at the rate of 4% per annum instead of 9%. If the interest at 9% is already paid the same will be adjusted at the time of withdrawal.

If an account is held in a single name, the depositor can nominate, before the closure of the account, a person or persons who will be entitled to receive the amount in the event of the depositor's death. Such a nomination can be cancelled or changed by giving a written notice to the bank in which the account is held.

The depositor has also been provided with an option to close or continue the account after three years from the date of deposit. However, in the event of the depositor's death within three years or thereafter, the account shall be closed as soon as the death is reported to the bank and the amount will be paid to the nominee. But where the account is held jointly with the spouse or where the spouse is the sole nominee, he/she will have the option to continue the account in his/her name on the same terms.



While the deposit scheme offers significant concessions to government and public sector employees by way of total income-tax and wealth-tax exemptions on the retirement benefits, it will be of real value only to those employees who will continue to have taxable incomes even after retirement and are in the wealth-tax bracket. For retiring employees of modest means, the scheme does not prove too handy.

Retiring employees in the higher tax bracket have the option of Relief Bonds which too offer 9% tax-free interest and total wealth-tax exemption. But, while Relief Bonds have the additional advantage of gift-tax exemption up to Rs 5 lakh, the government scheme for retiring employees has a shorter lock-in period of three years as compared to five years under Relief Bonds. And since most of these retirement benefits come tax-free, a government employee may find it more profitable to park a chunk of this amount in the Public Provident Fund and earn 12% tax-free interest along with other innumerable benefits.

In sum, one fails to find anything special in the scheme for retiring government or public sector employees.

• *The author is president of the merchant banking division of Batliwala & Karani.*

IN A NUTSHELL

Scheme: Tax-saving scheme for retiring government and public sector employees. Cheques to be issued in the name of the bank.
Minimum & maximum amounts investible: Minimum Rs 1,000 and in multiples thereof. Maximum not to exceed total retirement benefits.
Return: 9% per annum.
Maturity: Minimum three years.
Tax benefits: (1) Interest totally free of income tax; and (2) deposit amount totally free of wealth tax.
Eligibility: Retiring Central and state government and public sector employees.
Other features: (1) Account in the sole name of the retiring employee or jointly with the spouse; (2) nominee facility available in case of single account-holder; (3) withdrawal facility allowed after one year at a lower rate of interest payment; (4) account to be closed by the nominee on death of the account-holder; and (5) spouse as a joint-holder or as the nominee can continue the account on the same terms on death of the account-holder.

PUDUMJEE PULP & PAPER

FEELING THE CRUNCH

You have read that the paper industry rode the crest of a boom during 1990-91. But though industry prospects may look good on paper, for at least one paper company — Pudumjee Pulp & Paper Mills (PPPM) — the writing is on the wall and the message is not a very happy one.

Gross turnover increased by a meagre 8.35%. And while gross profit improved by 10.41%, the net profit was mashed to pulp, declining 22%. The earning per share (EPS), too, took a beating, dropping to Rs 15.93 (Rs 20.40). The return on net worth (RONW) dipped to 19.42% (30.05%).

PUDUMJEE PULP

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	63.13	57.49
Gross profit	11.54	10.45
Profit after tax	4.90	6.27
Equity capital	3.08	3.08
Reserves	22.14	17.80
Gross profit margin (%)	17.70	17.37
Return on net worth (%)	19.42	30.05
Dividend (%)	18.00	15.00
Earning per share (Rs)	15.93	20.40
Book value per share (Rs)	82.02	67.89

Source: Annual reports

The book value per share (BVPS), however, rose by a good measure to Rs 82.02 (Rs 67.89). But PPPM did not fail in cheering its shareholders who received a dividend per share of Rs 1.80 (Rs 1.50). Dividend payout also increased to 11.30% (7.35%). At the current market price of Rs 110 (10 July 1991, Bombay stock exchange — BSE), PPPM's price/earning ratio (P/E) is a low 6.91.

PPPM uses imported pulp, wood chips and waste paper to produce premium paper. In 1990-91, it increased its reliance on imported raw material. While the percentage of imported spare parts and components fell to 18.81% (20.97%) of the total spare parts consumed, imported raw material formed 90.80% of the total raw materials consumed. At the same time, its export earnings evaporated. (While it managed to export Rs 9.81 lakh worth of goods in 1989-90, PPPM drew a blank in greenback earnings in 1990-91.)

The company had to bear the pain of increased costs during the year. Besides, tax payments dealt a severe blow thanks to a change in governmental tax policies. The tax bill rose 171% to Rs 3.30 crore (Rs 1.22 crore) eating away 40% (16%) of the profit before tax.

Increased capacity. Despite a marginal fall in pulp production (PPPM has a major say in the domestic pulp market) in 1990-91, the company is planning to increase its capacity by another 7,000 tonnes per annum (tpa) to reduce its dependence on imports. The company is also to instal balancing machinery to debottleneck production and allow manufacturing of better quality paper.

It is likely that PPPM, which depends on imported pulp (the paper it produces is used mainly as postal stamp paper, coated paper and MICR cheque paper requiring good quality imported pulp), may have a bit of trouble ahead thanks to the paucity of foreign exchange. But with a paper shortage looming large, the prospects of this paper company prima facie appear good. So hang on.

FLAKT INDIA

SWEATING IT OUT

For the second largest Indian industrial fan-maker, Flakt India Ltd,

FLAKT INDIA

(Rs crore)

	12 months ended 31 Dec 90	12 months ended 31 Dec 89
Gross revenue	54.29	48.19
Gross profit	2.53	2.66
Profit after tax	2.04	2.12
Equity capital	4.76	4.76
Reserves	5.06	3.97
Gross profit margin (%)	4.67	5.52
Return on net worth (%)	20.79	24.23
Dividend (%)	20.00	18.00
Earning per share (Rs)	4.29	4.44
Book value per share (Rs)	20.63	18.34

Source: Annual reports

the year ended 31 December 1990 was not all that cool when compared with the year ended 31 December 1989.

Despite a 13% improvement in gross turnover, gross and net profits fell — the former by 5% and the latter by 4%. The EPS was cut marginally to Rs 4.29 (Rs 4.44) while RONW declined to 20.79% (24.23%). The BVPS, in contrast, increased to Rs 20.63 (Rs 18.34). Shareholders had little to carp about as dividend increased to Rs 2.00 (Rs 1.80) per share. The payout also moved up to 46.62% (40.54%). On the current market price of Rs 71 (BSE : 10 July), Flakt's P/E is a high 16.55.

Spiralling steel, aluminium (the main raw materials) and other input prices pushed profits down. Besides this, the orderbook too went on a diet with orders falling to Rs 5.60 crore (Rs 6.41 crore). During the year, Flakt leant heavily on short-term funds to finance its activities. While long-term loans brought in Rs 0.17 crore, about 74% of the funds Flakt used (for 1990) were of the short-term variety. This could prove troublesome in times of a cash crunch.

The company is dragging its feet while collecting dues from debtors — the debtors' figure rose by 43.30%. On the other hand, Flakt has managed to get extensions from its creditors on repayment schedules.

Note of caution. If one goes by the directors' report, 1991 might prove to be a difficult year for the engineering industry. The directors have also sounded a note of caution about the uncertainty of orders (many projects have been held up due to a lack of

funds) and of repayments by debtors. In the same breath, the directors add that the company will do reasonably well as the management has resorted to some belt-tightening. They expect good orders for electrostatic precipitators for power station retrofit, fans for various industries (particularly cement) as well as humidification, ventilation and airconditioning plants for power stations. And they hope to reap the benefits of modernisation of the steel plants. Besides, the management sees good scope for exports to East African and south-east Asian countries.

Flakt is altering its memorandum of association so as to allow it to go into dealing in shares, stocks and the securities business. A proposal to take up painting of components (automobile components also) and powder coating of plant and equipment has also been made. For these plans, Flakt is to invest up to 60% of the subcribed equity capital of Surcoat Consultants Pvt Ltd (SCPL). SCPL is a member of the Statfield group which is known for its expertise in the surface-coating and paint-finishing business. Will this tieup help Flakt paint a better performance next year?



JAY SHREE TEA & INDUSTRIES

A LUKEWARM PERFORMANCE

It has been a different cup of tea for Jay shree Tea and Industries Ltd (JTIL) in the year ended 31 March 1991.

The company's gross turnover rose by 9% thanks to a 49% jump in other income — mainly increases in returns from investments and drawback on excise duties and other export incentives — to Rs 27.07 crore (Rs 18.13 crore). On the other hand, gross sales increased by just 3% to Rs 126 crore (Rs 122.16 crore). Gross profit dipped 10.27%. But a decrease in depreciation provision — it declined by 53% to Rs 6.83 crore (Rs 14.63 crore) — helped net profit rise by 47%. The EPS went up to Rs 20.95 (Rs 14.30). JTIL's shareholders were handed over a higher dividend of Rs 3.25 (Rs 2.75) per share. The payout was 15.51% (19.23%). At the current market price of Rs 220 (BSE: 10 July 1991), the company's P/E is 10.50.

JAY SHREE TEA

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	153.07	140.29
Gross profit	28.26	31.49
Profit after tax	12.89	8.79
Equity capital	6.15	6.15
Reserves	33.35	22.46
Gross profit margin (%)	18.46	22.45
Return on net worth (%)	20.89+	17.13+
Dividend (%)	32.50	27.50
Earning per share (Rs)	20.95	14.30
Book value per share (Rs)	64.22	46.52

+ Revaluation reserves totalling Rs 22.20 crore (Rs 22.72 crore) have been added to reserves while calculating the return on net worth.

Source: Annual reports

Big jumps in raw material costs and other expenses dampened the gross profit. The main culprits, according to the company, were the levy of tax on green leaves — under the Assam Taxation (on Specified Lands) Act of 1990 — and an increase in bunker charges and salaries of seamen. The uncertainty as regards shipping during the Gulf war too added its mite.

The company was slow in converting resources into cash and in demanding repayments from debtors during the year. (The debtors' figure almost doubled while inventories went up by 69%.) Though export earnings rose 180%, JTIL still ended up as a net foreign exchange user to the tune of Rs 16 crore.

Accounts qualified. Auditors added salt to the company's wounds by qualifying the accounts. At one go, JTIL seems to have created a provision of Rs 0.82 crore for the premium it has to pay to non-convertible debenture holders at the time of redemption. The auditors were unable to estimate the effect of such a step on the profits for the year. Then, JTIL did not make any provision for the payments it has to make to its employees if they choose not to go on leave. The auditors have expressed their helplessness in calculating the effect (of such a non-provision) on profits.

Auditors' notes aside, JTIL's plywood unit in Assam continues to face serious shortage of indigenous timber besides competition from small-scale timber units which enjoy concessional Central excise levy. The company's shipping division scrapped one of its five ships during 1990-91 and another is to be put on the auctioneer's block in the near future. It did all this at a time when shipping is booming. Besides, JTIL's chemicals and fertiliser plant at Gurgaon too faced some snags. It had to put up with constraints in procuring raw materials and poor offtake. One of the reasons for the lower offtake: the Haryana government banned despatches of super phosphate — the main product of this unit — to some states outside. And as consumption in Haryana is not high, this had a telling effect.

JTIL's shareholders have some good news to mull over. The company plans to go into real estate — it has purchased plots at Pune and Bangalore for this purpose. It is also hawking its fertilisers and chemicals unit at Magarwara (Uttar Pradesh) as it is not doing well.

JTIL investors needn't lose heart. For, the shipping industry is still going strong. Besides, the company has initiated steps to improve its earnings in the domestic arena by widening its marketing network. So don't think of selling JTIL shares yet.

□ G. Giridhar

ASTRA-IDL

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales	25.61	21.50
Other income	—	—
Interest	0.32	0.43
Gross profit	3.32	2.01
Depreciation	0.49	0.45
Taxation	1.20	0.49
Net profit	1.63	1.07
EPS (Rs)	6.52	4.28
RONW (%)		17.37

Both margins have improved. At the current price of Rs 85 and on an EPS of Rs 6.52, Astra-IDL's P/E is 13.04. Hang on.

BHARAT BIJLEE

(Rs crore)

	12 months ended 31 Mar 91	15 months ended 31 Mar 90
Sales & other income	76.67	77.34
Interest	3.15	3.25
Gross profit	6.31	6.55
Depreciation	0.65	0.89
Taxation	2.10	1.60
Net profit	3.56	4.06
EPS (Rs)	252.48	230.50*
RONW (%)		46.89*

Bharat Bijlee's margins have dipped. The EPS is Rs 252.48. At the current price of Rs 2,200, the company's P/E is 8.71. The scrip is still worth a buy for the short term.

BLUE STAR

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	185.62	174.96
Interest	4.34	3.49
Gross profit	6.53	7.44
Depreciation	1.83	1.49
Taxation	0.45	1.23
Net profit	4.25	4.72
EPS (Rs)	5.99	13.30
RONW (%)		16.04

Blue Star's margins have declined. On an increased equity capital of Rs 7.10 crore, the company's EPS is Rs 5.99. At the current price of Rs 60, the company's P/E is 10.02.

BOMBAY DYEING

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	457.17	393.99
Interest	—	—
Gross profit	62.86	48.13
Depreciation	25.58	21.90
Taxation	1.36	4.20
Net profit	35.92	22.03
EPS (Rs)	15.98	19.60
RONW (%)		22.16

Bombay Dyeing's margins have improved. On an expanded equity capital of Rs 22.48 crore, the company's EPS is Rs 15.98. The company's P/E is 12.36 at the current price of Rs 197.50. Hold.

COLOUR-CHEM

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	114.18	96.61
Other income	6.14	4.17
Interest	7.65	5.53
Gross profit	9.27	5.84
Depreciation	2.41	2.43
Taxation	2.70	1.05
Net profit	4.16	2.36
EPS (Rs)	52.39	29.72
RONW (%)		10.68

A good rise in both margins has been achieved. At the current price of Rs 1,000, and on an EPS of Rs 52.39, Colour-Chem's P/E is 19.09.

KLOCKNER WINDSOR

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	91.51	67.67
Other income	10.71	6.71
Interest	3.44	2.10
Gross profit	13.95	9.84
Depreciation	2.75	2.15
Taxation	2.54	1.80
Net profit	8.66	5.89
EPS (Rs)	9.62	6.54
RONW (%)		33.56

Klockner Windsor's margins have improved. At the current price of Rs 197.50, the company's P/E is 20.53.

LAKME

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	85.58	65.69
Interest	2.16	1.63
Gross profit	4.09	2.92
Depreciation	0.88	0.88
Taxation	—	0.29
Net profit	3.21	1.75
EPS (Rs)	10.16	5.54
RONW (%)		13.64

Lakme's net profit has registered a fine improvement despite only a marginal increase in the gross margin. At the current price of Rs 272.50, the company's P/E is 26.82.

LARSEN & TOUBRO

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	1,421.11	1,016.38
Interest	—	—
Gross profit	147.26	99.51
Depreciation	55.92	49.24
Taxation	—	7.30
Net profit	91.34	42.97
EPS (Rs)	12.11	6.31
RONW (%)	17.44	10.31

Larsen & Toubro's margins have moved up. On an increased equity capital of Rs 75.42 crore, its EPS is Rs 12.11. At the current price of Rs 110, the company's P/E is 9.08.

RAYMOND WOOLLEN

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	425.83	343.41
Other income	11.84	7.50
Interest	24.69	22.07
Gross profit	70.12	40.70
Depreciation	21.59	17.07
Taxation	21.00	5.50
Net profit	27.53	18.12
EPS (Rs)	8.26	8.06
RONW (%)		17.09

While Raymond Woollen's gross margin has gone up 5%, its net margin has risen by a point. On an increased equity capital of Rs 33.32 crore, the EPS is Rs 8.26. At the current price of Rs 154, the company's P/E is 18.64.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 10 July 1991.*

EXCEL INDUSTRIES

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	129.41	109.11
Interest	6.48	5.19
Gross profit	18.97	14.79
Depreciation	3.43	2.56
Taxation	5.50	3.00
Net profit	10.04	9.23
EPS (Rs)	21.73	19.98
RONW (%)		40.68

Excel Industries' gross margin has risen, while its net margin has dipped. Its EPS is Rs 21.73. At the current price of Rs 297.50, Excel's P/E is 13.69. Buy at declines.

RELIANCE INDUSTRIES

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	2,104.89	1,856.30
Interest	187.05	171.73
Gross profit	299.97	252.47
Depreciation	174.42	161.97
Taxation	—	—
Net profit	125.55	90.50
EPS (Rs)	8.25	5.95
RONW (%)		8.37

At the current price of Rs 132 and on an EPS of Rs 8.25, Reliance Industries' P/E is 16. Besides, the company's margins have improved.

ROHIT PULP

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	39.42	32.70
Other income	—	—
Interest	—	—
Gross profit	6.40	4.34
Depreciation	1.46	0.97
Taxation	1.85	1.11
Net profit	3.08	2.26
EPS (Rs)	19.25	14.13
RONW (%)		22.04

Rohit Pulp's EPS is Rs 19.25. At the current price of Rs 136.25, the company's P/E is 7.08. Both margins have improved during the year. The scrip is worth acquiring.

SPIC

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales	839.13	801.05
Other income	14.44	8.85
Interest	50.75	45.79
Gross profit	37.58	41.71
Depreciation	21.84	18.04
Taxation	—	0.60
Net profit	15.75	23.07
EPS (Rs)	4.63	6.79
RONW (%)		8.35

Spic's margins have declined. The EPS of Rs 4.63 and the market price of Rs 52.50 yield a P/E of 11.34.

STANDARD INDUSTRIES

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	220.75	204.95
Other income	25.86	18.03
Interest	—	—
Gross profit	22.06	10.52
Depreciation	8.62	8.38
Taxation	1.00	0.35
Net profit	12.44	1.79
EPS (Rs)	11.25	1.62
RONW (%)		2.26

Standard Industries' gross margin has almost doubled. The net margin has increased six times. At the current price of Rs 87 and on an EPS of Rs 11.25, the company's P/E is 7.73.

TATA CHEMICALS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	344.66	307.75
Interest	53.12	44.65
Gross profit	76.80	75.95
Depreciation	22.35	19.21
Taxation	10.00	16.00
Net profit	44.45	40.74
EPS (Rs)	6.03	8.29
RONW (%)		13.21

Despite improvements in profitability, Tata Chem's margins have slipped. On an increased equity capital of Rs 73.76 crore, the EPS is Rs 6.03. The current price of Rs 74 yields a P/E of 12.27.

TITAN WATCHES

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	106.78	74.62
Interest	11.82	6.51
Gross profit	15.67	9.09
Depreciation	6.57	3.98
Taxation	—	0.78
Net profit	9.10	4.33
EPS (Rs)	3.39	1.61
RONW (%)		14.96

Titan Watches' net margin has risen as has its gross margin. The EPS is Rs 3.39. At the current price of Rs 75, the company's P/E is 22.12.

WARREN TEA

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	61.15	53.30
Other income	2.09	0.82
Interest	1.33	1.33
Gross profit	22.92	19.38
Depreciation	2.09	1.92
Taxation	10.50	9.25
Net profit	10.33	8.21
EPS (Rs)	13.24	21.05
RONW (%)		15.24

The growth in both margins is slight. On an increased equity capital of Rs 7.80 crore, Warren Tea's EPS is Rs 13.24. The current price of Rs 160 yields a P/E of 12.09. Buy at declines.

MYSORE CEMENTS

(Rs crore)

	12 months ended 31 Mar 91	15 months ended 31 Mar 90
Net sales	230.70	195.58
Other income	1.86	2.48
Interest	19.93	20.40
Gross profit	28.48	10.30
Depreciation	18.56	17.84
Taxation	—	—
Net profit	9.93	(7.55)
EPS (Rs)	5.16	(3.14)*
RONW (%)		—

Net margin has turned positive and gross margin has more than doubled. Mysore Cements' EPS is Rs 5.16. At the current price of Rs 93, its P/E is 18.02. Hold.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 10 July 1991.*



Success seems to suit Mahendra Suitings Ltd (MSL) chairman & managing director Mahendra Arya. Riding on quality, Arya, in the space of five years, has taken MSL from a mere Rs 87 lakh operation to a Rs 10.36 crore company. Not that Arya is a stranger to the business. In fact, his family is heavily involved in fabrics. (Brother Anand runs Blue Blends, while another brother Bhagirath heads JBF Industries.)

MSL currently manufactures grey suiting fabrics at Chhattral in the Mehsana district of Gujarat using eight Rapier shuttleless looms. Arya, however, has great plans for his charge. Says he: "The market for textiles is expected to grow rapidly. I foresee a high-growth demand for our suitings."

To cater to that demand, he is installing another 24 Rapier looms at MSL. And for part-finance, Arya is tapping investors' pockets with a Rs 2.04 crore at-par equity issue.



S.S. Dhanuka is at it again. The managing director of Mysore Petro Chemicals Ltd (MPCL) — a producer of phthalic anhydride (Pan) — is dabbling further in that chemical. Currently, he is putting up a new Pan plant, under IG Petrochemicals Ltd (IGPL), which will focus on the export market. Says Dhanuka: "MPCL is already exporting 2,000 tonnes per annum (tpa) of Pan. This has given us an exposure to the international market." Then why set up IGPL as a 100% EOU?

Proffers Dhanuka: "IGPL's high licensed capacity (of 45,000 tpa compared to MPCL's licensed capacity of 12,000 tpa) will help in achieving economies of scale." Won't he face problems as IGPL will have to import about 75% of its raw material (orthoxylene) requirement? Dhanuka doesn't seem troubled. "IGPL will be importing the raw material under the advance licence scheme and will be re-exporting Pan," says he.

To finance the IGPL project, Dhanuka is planning to approach the primary market with a Rs 10.61 crore public issue.



GM Mittal Stainless Steel Ltd (GMMSSL) is all set to steal a march over its competitors. Despite implementing three expansion schemes in the past seven years, GMMSSL chief R.C. Mittal's appetite is yet unsated. He recently tied up with Leybold Heraus of Germany, which will provide vacuum oxygen decarburisation (VODC) technology, to upgrade his company's production process for stainless steel, steel and special alloy castings. The technology will help improve the yield of liquid metal from 94% to 97%, and also give a better product.

Initially set up with an installed capacity of 1,200 tpa to make high-grade alloy stainless steel castings near Dhar in Madhya Pradesh, GMMSSL today has a production capacity of 18,000 tpa. As part of its modernisation programme, the company is replacing the present ingot-casting with continuous-casting machines. Besides, two EOT cranes and a 1,000 Kva diesel genset are also being installed.

To part-finance its plans, the company is coming out with a Rs 6 crore 'rights cum public' issue of 14% secured, fully-convertible debentures of Rs 250 each for cash at par.

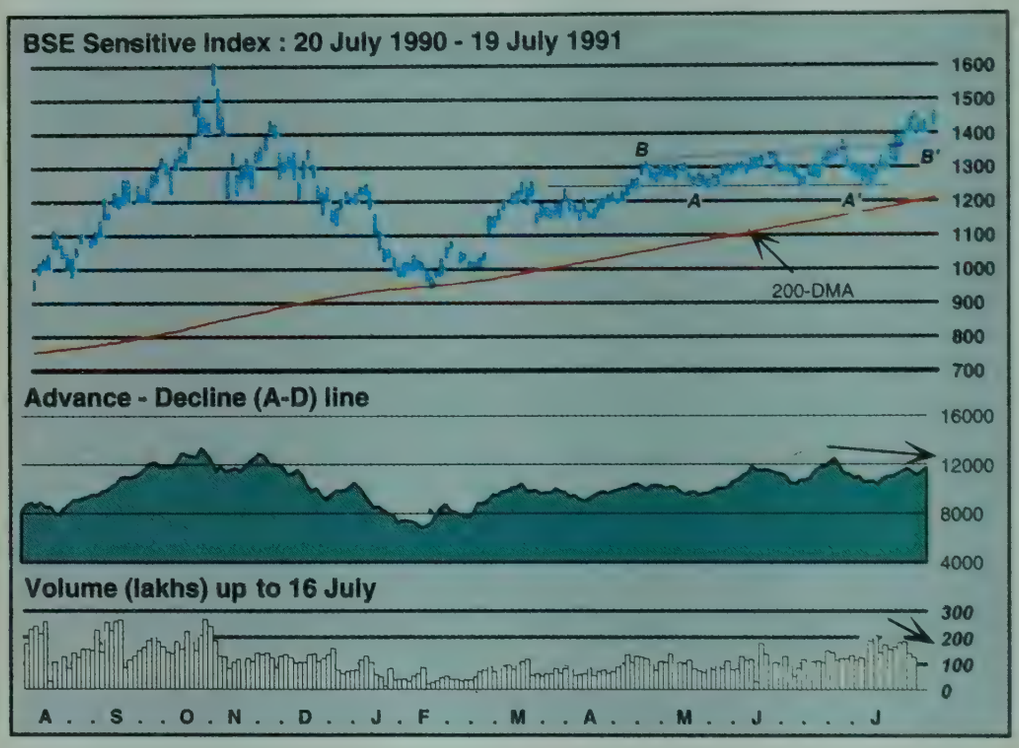
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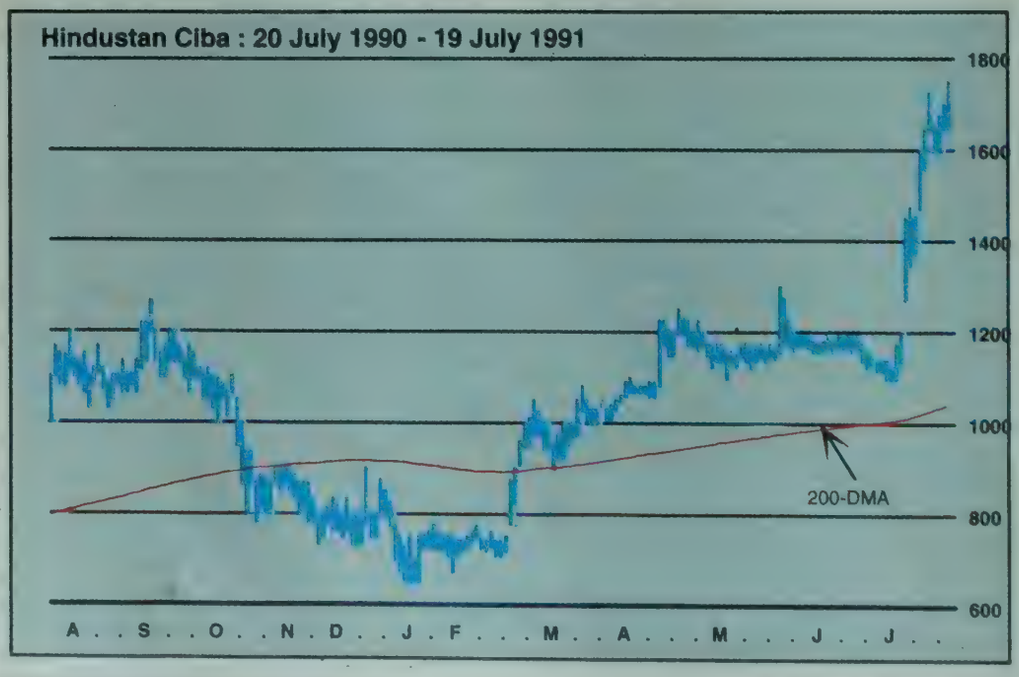
DEEPAK MOHONI



The stockmarket took considerable strength from all the talk about the removal of controls and the licensing system, and staged a strong rally during the trading fortnight under review (8-19 July). In the process, the Bombay stock exchange sensitive index (BSE Sensex) firmed up by 98.16 points, as it rallied from 1,357.32 on 5 July to 1,455.48 on 19 July. The National Index (NI) too rose from 657.42 to 705.38.

The rally saw the market make an upside breakout from the broadening formation marked by A-A' and B-B' (see chart). Broadening formations, especially those with horizontal bottoms, are usually reversal patterns and, less frequently, of the continuation variety. In the present case, it has turned out to be the latter which has prevailed. The breakouts from the pattern occurred on 10 July, after which the two indices quickly ascended to levels in the vicinity of those on 8 November last year, when a rally was stopped. The indices stayed within 3% of those levels for the rest of the fortnight, giving the distinct impression that they were meeting some resistance.





Even though the market defied the odds and surged up from the broadening formation, not all technical indicators showed continued bullishness. The highest volume recorded since 11 October was on 4 July, when it touched 208.52 lakh shares. However, this was a day when the Sensex actually declined from 1,312.87 to 1,298.66. Thereafter, volumes have not picked up with the index. Only 164.41 lakh shares were traded on 10 July, the day of the breakout. While this is not a small number, it does not represent any massive rise in activity.

The Sensex then rallied from the 10 July close of 1,388.80 to 1,420.75 and 1,441.85 over the next two days on volumes of 180.99 and 184.30 lakh shares respectively. Though up from the 10 July figure, these numbers are still less than those on 4 July. The index fell from 1,441.85 to 1,407.35 on 15 July with 137.86 lakh shares traded, but the following day's recovery to 1,431.75 was accompanied by a volume of only 124.35 lakh shares. Volume support, if anything, is definitely weakening.

Market breadth has also been showing signs of bearish divergence. The indices are now well above their previous peak levels of 1,361.72 and 641.60, which were recorded on 21 June. As may be observed, the Advance-Decline (A-D) line is visibly below the 21 June level, while the indices are substantially higher.

The 200-day moving averages (200-DMAs) of the two indices are still rising, and stood at 1,210.01 and 605.99 for the Sensex and the NI respectively on 19 July. The number

of "A" group stocks above their 200-DMAs stood at 57 on that day, as against 48 a fortnight earlier.

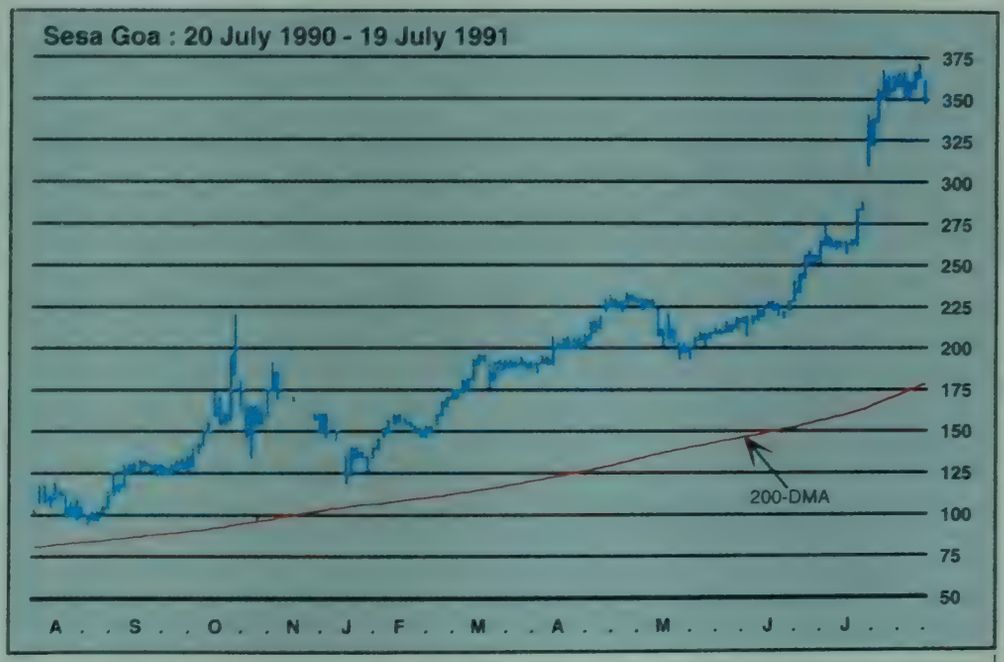
After the 5 July average rate of just 5.4% per annum, *badla* rates hit an astronomical 59.9% per annum on 19 July. The higher rates were largely on account of extremely high book closure *badlas*. *Badla* rates suggest that the market is overbought.

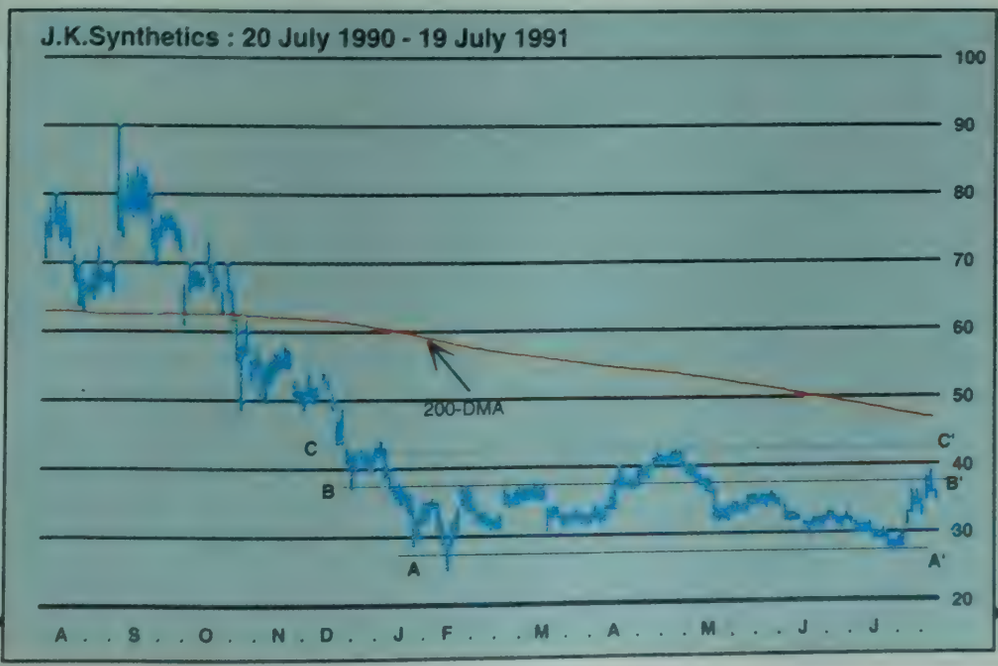
The budget in itself is evolving into something of a technical indicator for the market. More often than not, trends have been sharply reversed at budget time. In 1986, all the three trends — major, intermediate and minor — were up before the budget. The market crashed after that budget, reversing all the three trends and going into a two-year bear phase as well. In 1987, the major trend was down, but the intermediate and minor trends were up. The market crashed after that budget too, reversing the last two trends. In 1988, all the three trends were down. A minor rally succeeded the budget, and all three trends turned up a month later, starting off a major bull market in the process. In 1989, the major trend was up, intermediate sideways and minor down. The market rallied after the budget. Last year, the major trend was up. This year's budget has been preceded by a major trend which is most probably down (as the 9 October peak is still unbeaten), while the intermediate and minor trends are up, as in 1987.

If a sizeable intermediate correction is to follow, the most vulnerable stocks for a sharp fall would be those that are much above their 200-DMAs. The three "A" group stocks that top the list are **Great Eastern Shipping**, **Sesa Goa** and **Hindustan Ciba-Geigy**, with 200-DMAs of Rs 36.60, Rs 177.53 and Rs 1,040.17. Their 19 July closes were 114%, 103% and 63% above their moving averages. While the long-term prospects for these scrips are no doubt good, they are poised for a short-term correction. At the other end of the spectrum are **Mangalore Chemicals** and **J.K.Synthetics**, currently 28% and 24% below their 200-DMAs. A major reversal in the latter could occur, should it rally past and stay above the highest of the three trendlines shown in the chart.

• *The author is a director of Midas Vision, which deals in software and computer graphics.*







TWO RIPE PICKS

CLIFTON DESILVA

Premier Auto Electric Co (**PAEC**) was a wholly-owned subsidiary of Premier Automobiles Ltd (PAL) till it went public in February 1990. The issue size: 16.72 lakh shares at a premium of Rs 2 each. The company was basically a marketer of automobile spare parts and also provided specialised services — repair jobs and installation of car air-conditioners.

PAEC recently commissioned a Rs 2.7 crore polyurethane project at Halol in Gujarat to manufacture 1,500 tpa of engineering and industrial plastic products. Thus the company has widened its base to include manufacture of automobile ancillaries. The main products are seats, bumpers and dashboards. The company is using reaction injection moulding technology and has obtained the knowhow from Engineering Services (Urethanes) of the UK.

Plastics are fast replacing metals in automobile component products the world over. The reason for this is that plastic components, being lighter, decrease car weight and thereby lead to increased fuel efficiency and speed.

As far as demand for its products is concerned, PAEC sees no problems. It has a captive customer in its parent company PAL. Besides, it is also supplying products to other vehicle manufacturers as an original equipment supplier.

PAEC has progressed steadily. A review of the financial performance from June 1985 to March 1990 (prior to the public issue) reveals a sales increase of 85% from Rs 14.38 crore to Rs 26.59 crore. During this period, gross profit moved up by 146% from Rs 28 lakh to Rs 69 lakh. Net profit also rose significantly from Rs 12 lakh to Rs 32 lakh — a 167% increase. Between June 1985 and June 1988, the dividend was maintained at 15%. For the nine months to March 1989, the dividend was increased to 16% and was maintained at that level in the subsequent year.

The working results for 1991 — the first year after going public — are highly encouraging. The company has increased its sales by 30% to Rs 34.49 crore compared to 1990. Net profit has moved up to Rs 1.16 crore. The earning per share on the expanded capital of Rs 3 crore works out to Rs 3.87. A higher dividend of 18% has been proposed.

The current year has begun well. The operations for the period April-June 1991 recorded an increase in sales from Rs 7.24 crore to Rs 11.37 crore — a 57% rise.

PAEC's manufacturing division has gone into full production, thereby improving the prospects for 1991-92. The company has ambitious growth plans and expects to reach a turnover of Rs 100 crore within the next three years. The shares of PAEC are currently priced at Rs 35 cum-dividend and offer the prospects of a 50% appreciation over the next 12 months.

The PAEC and SCICI scrips seem to be good buys. Both companies are doing quite well and their shares could appreciate considerably in the coming year

In 1986, the government of India abolished the Shipping Development Fund Committee (SDFC). Simultaneously, it advised the Industrial Credit & Investment Corp of India (ICICI) to promote an institution to take over the functions and management of the erstwhile SDFC. So the Shipping Credit & Investment Co of India (**SCICI**) was incorporated that year as a development financial institution by ICICI. Its aim: to encourage the development of, and investment in, shipping, fishing and related activities. ICICI, the main shareholder, subscribed to 20% of the issued capital of Rs 50 crore.



The financial assistance provided by SCICI is in the form of rupee loans as well as loans in foreign currencies, guaranteeing payments for credit, underwriting private and public issues and the like.

SIGNIFICANT IMPACT

In its five years of existence, SCICI has made a significant impact on the shipping industry, disbursing almost Rs 600 crore and arresting the industry's downward trend since 1985. On a cumulative basis up to 31 March 1991, the sanctions crossed the Rs 1,000 crore mark, amounting to Rs 1,108.56 crore, and disbursements aggregated Rs 591.12 crore. The outstanding portfolio, net of repayment by borrowers, was Rs 517.59 crore.

In order to encourage wider public participation, the company issued shares worth Rs 25 crore in February 1991; thus increasing its capital to Rs 75 crore.

For the year ended 31 March 1991, SCICI recorded a gross income of Rs 106 crore and a net profit of Rs 34.27 crore. On the existing Rs 50 crore capital, this works out to an earning per share of Rs 6.85. A 15% dividend was also declared.

For the current year ending 31 March 1992, the gross income is projected to be in the Rs 140-150 crore region; net profit is expected to touch Rs 50 crore; and on an expanded equity capital of Rs 75 crore, an earning of around Rs 6.6 per share is estimated. This makes the share look attractive at the current quote of Rs 25 with a potential of 50% appreciation in the year to come.

• *The author is a Bombay-based investment manager.*

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 18 July	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
AbacusComp(10/100/e)	9003	1.4	0.3	0.0	12.1	9.2	0.3	0.45	4.7	0.26	0.26	1.82	15.0	10.0	54	11.00	6.05	–	--	–	35	12	16	9	8.90	0.91
AbanLloyd(10/100/e)	9003	4.0	1.6	0.0	14.0	14.0	0.0	3.72	26.6	1.09	1.09	2.75	19.6	10.0	37	81.25	29.59	–	--	–	58	35	82	36	1.24	5.80
AbbotLabs(10/50/e)	9003	2.3	2.7	0.0	21.8	31.5	0.2	0.36	1.1	0.07	0.07	0.31	1.4	--	NA	47.50	152.7	–	--	40	60	32	48	30	NA	2.18
ACC(100/5/e)	9003	56.0	89.3	0.0	259.5	973.8	17.2	54.41	5.5	17.79	16.85	31.78	12.2	15.00	50	2430.00	76.47	1:5	86	33	2625	229	2780	1300	0.62	9.36
AdvanOen(10/100/e)	9003	7.0	9.1	2.5	22.9	107.1	1.3	4.37	4.0	1.21	1.21	1.73	6.5	15.0	87	20.00	11.57	1:1	86	46	33	15	25	16	7.50	0.87
AiembicChem(100/5/e)	9003	4.1	10.0	7.0	343.0	124.0	3.9	4.29	3.4	1.64	1.23	39.81	7.8	16.0	54	400.00	10.05	1:3	66	18	460	250	420	220	4.00	1.17
AlfaLaval(10/50/e)	9003	7.8	25.5	0.0	42.7	89.4	3.6	12.91	13.9	8.56	8.55	10.95	25.7	25.0	23	235.00	21.47	1:2	89	63	247	95	250	150	1.07	5.51
AmalRasayan(10/50/e)	9003	3.2	9.4	2.0	39.4	19.3	0.8	0.93	4.6	0.07	0.07	0.22	0.5	0.0	NA	47.00	214.2	–	--	–	83	38	54	34	NA	1.19
AmritBan(10/100/e)	9003	4.2	13.1	6.9	41.5	259.6	1.1	8.64	3.3	1.90	1.83	4.48	7.7	21.0	49	63.75	14.22	1:1	89	70	83	36	75	45	3.29	1.54
AntifricBear(10/100/e)	9003	3.2	7.9	0.0	34.3	48.1	1.9	6.84	13.7	2.67	2.71	8.08	23.6	25.0	31	90.00	11.14	1:2	81	23	145	60	130	65	2.79	2.62
AP Paper(100/5/e)	9003	5.6	18.6	0.0	429.8	132.3	2.7	17.44	12.9	13.22	12.83	234.81	54.6	25.0	11	1325.00	5.64	1:4	80	20	2100	625	2000	850	1.89	3.08
AppleInds(10/100/d)	9006	6.3	8.2	3.1	22.9	20.9	0.2	8.59	40.7	5.57	6.02	7.03	25.2	25.6	25	34.00	4.84	–	--	–	70	23	48	32	6.87	1.49
ArvindMills(10/50/e)	9003	7.1	38.4	0.0	63.9	179.5	3.4	12.46	6.8	5.25	5.78	7.36	11.5	27.0	33	102.00	13.85	1:3	86	55	120	43	108	52	2.65	1.60
AseaBrownBv(10/50/f)	8912	9.9	29.5	11.1	39.9	148.5	6.0	7.49	4.8	4.13	4.13	5.58	10.9	25.0	50	150.00	26.86	1:3	78	30	165	55	153	85	1.41	3.76
AsianBearings(10/50/e)	9003	7.4	4.0	0.0	15.4	18.6	1.8	1.96	9.6	0.28	-0.13	0.38	2.5	--	NA	16.00	42.46	0.00	--	0	31	14	28	17	NA	1.04
AsianCable(10/50/e)	9003	5.6	14.4	0.8	35.8	78.3	4.4	5.69	6.9	2.75	3.62	4.28	11.5	14.0	24	31.00	7.25	1:3	81	–	53	27	40	30	4.50	0.87
AsianPaints(10/50/e)	9003	12.4	56.5	0.0	55.4	282.9	1.1	27.28	9.6	19.00	19.50	15.23	27.5	45.0	29	242.50	15.93	1:2	87	86	290	208	268	223	1.86	4.38
Assam Co(10/50/e)	9003	14.0	24.2	0.0	27.3	66.4	1.4	24.86	36.7	12.83	12.79	9.16	33.6	55.0	60	150.00	16.37	1:1	89	75	190	110	160	113	3.67	5.50
Astra-IDL(10/50/e)	9003	2.5	3.7	0.0	24.6	21.5	0.2	2.00	9.2	1.06	1.06	4.24	17.2	15.0	36	80.00	18.87	–	--	–	75	38	93	45	1.90	3.25
AtlasCopco(10/50/e)	9003	7.3	7.3	0.0	20.0	46.3	1.6	1.03	2.1	-0.39	-0.53	-0.54	-2.7	--	NA	83.00	NA	1:2	87	82	68	33	90	42	NA	4.15
AtlasCycle(10/50/e)	9003	1.2	8.2	6.7	81.1	108.0	2.9	2.42	2.2	0.83	0.83	6.96	5.0	22.5	33	180.00	25.88	1:2	87	80	180	65	205	105	1.26	2.22
AveryIndia(10/50/e)	9003	4.2	13.5	0.0	42.1	39.6	0.8	7.70	19.1	3.08	3.01	7.33	17.4	35.0	49	169.00	23.05	2:5	84	58	195	109	169	139	2.07	4.01
A.Sarabhai(10/50/e)	9003	18.8	19.9	0.0	20.6	169.0	3.0	1.80	1.0	0.62	1.12	0.33	1.6	--	NA	12.50	37.86	1:5	82	17	26	11	15	9	NA	0.61
BajajAuto(10/50/e)	9003	18.8	261.2	0.0	148.9	1014.4	50.3	163.6	15.4	65.10	62.13	34.61	23.2	110.0	33	587.50	16.98	1:1	87	95	770	355	680	500	1.87	3.95
BajajElect(100/5/e)	9003	1.9	8.9	2.9	564.6	108.1	3.6	5.41	4.8	2.85	2.80	148.44	20.8	25.0	17	1000.00	6.74	1:1	89	50	1600	540	1050	675	2.50	1.77
BajajHind(100/5/e)	9003	5.6	24.2	37.5	531.4	124.6	2.0	7.11	5.6	2.21	2.23	39.46	3.3	18.0	45	107.50	2.72	1:4	86	95	1500	360	110	87	16.78	0.20
BajajTempo(10/50/e)	9003	6.6	36.5	0.0	65.1	219.1	2.2	23.25	10.5	6.87	5.45	10.38	15.9	20.0	24	195.00	18.79	1:1	86	87	325	118	258	109	1.02	2.99
BakeliteHylam(10/50/e)	9003	4.5	10.9	9.1	34.2	81.6	3.0	4.68	5.5	1.34	1.72	2.98	5.5	18.0	47	48.00	16.12	2:3	80	78	54	29	64	40	3.75	1.40
BallarpurInd(10/100/e)	9003	21.0	100.9	180.0	58.1	572.0	17.8	66.46	11.3	39.66	49.63	18.81	13.1	28.0	12	287.50	15.29	1:2	89	74	310	112	308	240	0.97	4.95
BarodaRayon(100/5/e)	9003	18.0	51.6	0.0	386.9	245.5	2.5	39.05	15.8	23.82	23.82	131.83	34.1	25.0	19	570.00	4.32	1:2	82	23	1875	435	630	400	4.38	1.47
BASF(10/50/e)	9003	4.3	16.9	2.6	49.6	86.0	1.4	10.54	12.1	4.67	5.73	10.94	19.7	20.0	15	155.00	14.17	1:2	88	56	240	110	230	100	1.29	3.13
Bata(10/50/e)	8912	10.5	12.7	6.9	22.0	321.3	0.5	9.39	2.9	3.61	3.61	3.44	12.0	15.0	44	83.00	24.14	1:1	87	93	107	64	92	76	1.81	3.76
Bayer(100/5/e)	9003	16.2	17.7	0.0	208.8	148.1	2.2	11.29	7.5	5.32	5.32	32.80	15.7	20.0	61	925.00	28.20	1:1	87	78	1100	600	925	600	2.16	4.43
BergerPaints(10/100/e)	9003	4.2	16.3	3.2	48.9	100.5	0.4	2.64	2.6	1.76	1.72	4.20	7.4	20.0	49	39.00	9.28	1:1	88	47	55	35	43	35	5.14	0.80
Best&Cromp(10/50/e)	9003	7.6	16.6	4.8	32.0	176.9	2.3	3.68	2.1	2.06	1.46	2.72	7.1	10.0	52	42.50	15.60	3:5	82	27	78	35	54	26	2.37	1.33
Bhadrachalam(10/50/e)	9003	10.6	24.4	0.0	33.1	123.0	1.0	15.23	12.3	8.11	12.61	7.63	23.0	32.5	27	148.75	19.51	–	–	–	154	80	170	75	2.18	4.49
BharatForge(10/50/e)	9003	14.6	44.3	0.0	40.3	184.7	11.8	21.08	10.7	9.91	8.39	6.77	16.8	22.8	40	222.50	32.87	1:1	88	59	275	85	260	140	1.02	5.53
BharatVijay(100/5/e)	9003	2.8	13.1	6.5	571.5	76.0	1.2	5.62	7.3	2.90	2.40	104.69	13.0	22.0	25	925.00	8.84	1:6	83	54	1500	475	1150	570	2.38	1.62
BiharAlloys(10/50/e)	9003	8.3	0.9	0.0	11.1	93.5	0.3	0.30	0.3	-1.76	-1.76	-4.46	-40.1	--	NA	15.00	NA	–	--	–	40	19	23	15	NA	1.35
BimetalBear(10/50/e)	9003	3.8	12.1	0.0	41.7	27.4	1.0	7.60	28.7	3.93	4.11	10.26	24.6	21.0	19	155.00	15.11	1:1	89	76	230	80	158	120	1.35	3.71
BirlaAgro(10/50/e)	8912	14.9	48.3	0.0	42.5	122.1	5.4	16.41	12.9	13.01	13.01	8.76	20.6	50.00	57	39.00	4.45	–	--	–	85	38	55	36	12.81	0.92
BirlaJute(10/100/e)	9003	20.4	95.3	64.5	56.8	467.8	16.2	26.60	5.5	4.65	4.69	2.28	2.6	18.0	78	292.50	128.1	1:1	86	86	240	52	300	108	0.62	5.15
BlueStar(10/50/e)	9003	3.6	15.5	10.4	53.6	170.7	4.3	7.44	4.3	4.72	4.72	13.27	16.0	30.0	23	60.00	4.52	1:1	90	83	180	70	130	58	4.98	1.12
BombayDyeing(10/50/e)	9003	11.2	88.2	0.0	88.5	387.4	6.6	49.72	12.6	23.62	22.02	21.01	23.8	40.0	20	200.00	9.52	1:1	90	87	445	155	245	150	2.00	2.26
Boots(10/50/e)	9003	8.1	11.1	0.0	23.7	75.8	2.4	9.34	11.9	4.74	4.73	5.85	24.7	30.0	51	157.50	26.91	1:1	87	86	145	90	162	93	1.90	6.66
Britannia(10/100/e)	9003	18.6	27.3	0.0	24.7	314.3	7.0	17.36	5.4	9.76	10.14	5.26	21.3	24.0	44	153.75	29.25	1:2	89	89	170	52	162	110	1.56	6.23
BrookeBond(10/50/e)	8912	44.2	39.8	0.0	19.0	539.4	12.3	51.91	9.4	27.99	28.66	6.21	32.7	30.0	46	137.50	19.03	4:5	89	B3	175	92	153	118	2.18	7.24
BST(10/50/b)	8903	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-3.21	-8.2	--	NA	9.50	NA	1:1	74	36	NA	NA	--	–	NA	0.68
CableCorp(10/100/e)	9003	9.0	25.9	0.0	38.8	128.5	3.8	15.71	11.9	9.89	9.79	10.99	28.3	28.0	26	97.00	8.83	1:2	87	71	118	60	110	89	2.89	2.50
Cadburys(10/50/e)	9003	8.4	14.7	0.0	27.5	108.4	1.0	11.65	10.7	5.30	5.55	6.31	23.0	35.0	53	162.50	25.75	1:1	87	80	189	134	188	135	2.15	5.91
Camphor&Allied(10/50/e)	9003	3.3	8.1	0.0	34.5	38.0	0.4	5.40	14.1	3.49	3.08	10.54	30.5	25.0	27	53.75	5.10	1:3	82	41	95	40	73	43	4.67	1.56
Carborundum(10/50/l)	9003	8.3	27.7	4.8	43.4	50.4	1.2	8.30	16.1	4.20	4.20	8.69	17.7	25.6	30	138.00	15.89	2:5	87	–	131	75	143	98	1.08	3.18
Castrol(10/50/f)	9003	6.2	27.3	1.8	54.3	116.6	2.3	7.83	6.6	4.51	4.64	9.76	17.0	36.0	36	360.00	36.88	1:1	86	41	320	161	370	163	0.75	6.63
Ceat(10/50/e)	9006	14.8	85.6	23.6	68.0	499.5	15.9	31.01	6.0	22.44	18.68	15.20	18.1	30.0	24	82.50	5.43	1:2	86	–	160	68	98	70	3.64	1.21
Cemindia Co(10/50/e)	9003	1.3	8.6	0.0	77.1	23.1	0.1	2.22	9.6	0.89	0.73	6.95	9.0	30.0	52	140.00	20.13	3:5	84	38	150	75	140	80	2.12	1.82
ChowguleStShip(10/50/e)	9003	10.0	2.4	0.0	12.4	53.3	0.0	13.75	25.8	2.29	2.29	2.29	18.5	--	NA	60.00	26.20	5:2	77	35	34	14	67	13	NA	4.86
ClassicDiam(10/100/e)	9003	3.5	7.1	0.0	30.2	73.2	0.1	5.50	7.5	5.18	5.26	14.80	49.0	20.0	13	48.00	3.24	–	--	–	84	48	53	36	4.17	1.59
CochinRef(100/5/e)	9003	71.7	136.5	0.0	290.4	1342.6	0.7	94.75	7.1	64.46	68.76	89.91	31.0	21.0	21	790.00	8.79	–	--	–	996	480	950	670	2.54	2.72
ColourChem(100/5/e)	9003	7.9	14.2	0.0	278.2	111.7	4.2	5.83	5.0	2.36	3.41	29.72	10.7	22.0	51	1075.00	36.17	2:5	80	84	850	575	1100	625	2.05	3.86
ConsFounda(10/100/e)	9003	0.5	1.2	0.0	33.5	7.1	0.7	0.80	10.2	0.13	0.15	2.50	7.5	14.0	47	14.00	5.60	–	--	10	45	20	25	11	9.62	0.42

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months, f-9 months, g-16 months, h-11 months, i-14 months; j-17 months; k-13 months; l-7 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 18 July	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
IngersollRand(10/50/e)	9003	15.8	34.3	0.0	31.7	111.3	7.8	21.96	18.4	14.34	15.09	9.09	28.7	25.0	26	355.00	39.06	1:1	89	98	305	190	385	240	0.71	11.20
IOL (10/50/e)	9003	14.6	18.1	13.4	22.4	168.4	1.4	7.85	4.6	0.25	1.80	0.17	0.5	10.0	81	58.50	341.6	1:3	85	81	56	31	60	30	1.71	2.62
ITC(10/100/e)	9003	66.3	152.3	0.0	33.0	1807.6	19.7	98.93	5.4	52.62	48.87	7.93	24.1	37.5	51	202.00	25.47	1:1	89	63	180	50	204	103	1.86	6 13
Jagatjitind(10/100/e)	9003	6.1	23.3	3.8	48.4	151.6	1.5	13.44	8.8	5.97	6.34	9.83	18.0	35.0	34	90.00	9.15	1:1	88	92	120	74	105	80	3.91	1.86
Jaiprakash(10/100/e)	9003	66.1	49.0	9.5	17.4	309.9	17.9	42.50	13.0	17.04	17.11	2.58	13.7	15.0	58	39.50	15.33	–	--	–	37	13	42	18	3.79	2.27
JayshreeTea(10/50/e)	9003	6.2	22.5	22.7	46.5	122.2	18.1	31.49	22.4	8.36	7.45	13.59	16.3	27.5	23	210.00	15.45	1:2	85	92	240	77	230	170	1.31	4.51
Jenson&Nichol(10/50/e)	9003	1.5	6.0	1.9	50.1	76.8	0.4	2.82	3.7	1.84	1.84	12.16	19.4	20.0	16	88.00	7.23	8:7	82	35	148	69	91	73	2.27	1.76
JindalStrips(10/100/e)	9003	6.6	27.0	0.0	50.8	276.0	4.9	19.06	6.8	11.92	9.67	18.06	35.5	40.0	16	220.00	12.18	1:1	89	79	280	100	250	135	1.07	4.33
JK Synth(10/100/e)	8903	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	4.69	6.5	22.0	39	37.00	7.90	1:3	83	53	90	35	42	27	5.04	0.84
Jyoti(10/50/e)	9003	2.7	10.2	8.5	48.2	48.3	0.2	-0.06	-0.1	-0.64	-0.99	-2.39	-3.0	--	NA	25.50	NA	1:2	77	24	40	8	26	14	NA	0.53
KanonaChem(10/100/e)	9003	4.0	17.1	0.0	52.4	74.6	3.7	6.11	7.8	1.07	1.17	2.65	5.1	15.0	51	54.00	20.39	1:2	89	78	48	13	54	27	2.75	1.03
KEC Inter(10/50/e)	9003	7.3	32.3	4.3	54.0	112.7	3.2	5.31	4.6	2.89	3.31	3.94	6.6	18.0	36	37.50	9.52	1:1	83	24	75	37	54	34	4.36	0.70
KesoramInd(10/100/e)	9003	11.5	54.7	46.4	57.7	217.5	8.1	10.86	4.8	-1.70	3.14	-1.60	-1.6	8.7		92.50	NA	1:2	79	54	135	42	107	65	0.94	1.60
KineticEngg(10/50/e)	9003	2.4	22.6	0.0	104.1	122.0	2.6	13.74	11.0	3.70	1.84	15.42	14.8	25.0	33	160.00	10.38	1:1	89	78	355	134	188	145	1.56	1.54
KineticHonda(10/100/f)	8903	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	1.35	10.5	--	NA	69.50	51.65	–	--	–	98	40	79	54	NA	5.41
KirloskarCum(10/50/e)	9003	26.4	50.0	0.0	29.0	227.3	5.9	25.70	11.0	11.65	9.66	4.41	15.2	20.0	55	141.25	32.01	1:1	86	94	125	65	157	104	1.42	4.88
KirloskarOil(10/50/e)	9003	5.8	17.3	0.0	40.1	140.2	4.1	7.30	5.1	3.41	2.93	5.74	14.3	16.0	33	75.00	13.07	3:7	76	77	70	27	84	34	2.13	1.87
KirloskarPneu(10/50/e)	9003	3.9	11.1	0.0	38.8	75.0	2.8	6.84	8.8	2.79	2.74	7.25	18.7	18.0	25	42.50	5.86	–	--	–	88	37	58	35	4.22	1.10
KothariInd(10/50/f)	9003	7.8	9.9	40.0	22.6	50.5	6.0	7.58	13.4	6.35	5.31	10.80	14.7	24.0	26	72.50	6.71	–	--	–	108	32	75	45	2.39	3.21
KSB Pumps(10/50/e)	9003	8.7	19.3	0.0	32.1	54.6	1.3	12.47	22.3	6.36	6.30	7.31	22.7	20.0	28	210.00	28.73	1:1	89	90	260	160	225	170	0.95	6.53
L & T(10/50/e)	9003	68.1	268.6	80.0	49.5	1091.6	26.8	99.51	8.9	38.73	42.97	5.69	9.3	25.0	37	111.00	19.51	3:5	86	56	173	57	140	90	2.11	2.24
LakhanpalNat(10/50/e)	9003	4.6	8.1	0.0	27.7	67.5	2.0	2.19	3.2	0.93	0.08	2.04	7.4	16.0	800	58.00	28.50	1:1	87	25	40	23	65	27	2.41	2.10
LakshmiMach(100/5/e)	9003	6.1	25.3	0.0	513.9	185.4	0.7	21.07	11.3	8.44	8.44	138.36	26.9	25.0	18	3600.00	26.02	1:2	89	58	4250	690	4200	2715	0.70	7.00
MadrasCement(100/5/e)	9003	3.0	13.3	0.0	539.1	101.3	0.9	11.23	11.0	0.71	1.31	19.9	3.7	--	NA	4600.00	231.5	–	--	–	4200	421	5100	3100	NA	8.53
MaduraCoats(10/50/e)	9003	21.8	56.5	55.6	35.9	337.1	5.4	34.65	10.1	18.47	18.74	8.47	13.8	40.0	47	245.00	28.93	1:2	86	47	325	101	265	183	1.64	6.82
MafatlalDyes(10/50/e)	9003	2.1	7.1	0.0	44.0	50.5	1.3	2.26	4.4	1.14	1.14	5.43	12.4	20.0	37	51.00	9.39	1:4	89	80	63	29	58	30	3.92	1.16
MafatlalFine(100/5/e)	9003	14.9	19.0	0.0	227.6	204.3	20.6	2.00	0.9	-4.79	-4.35	-32.19	-14.1	--	NA	600.00	NA	1:3	80	39	770	205	620	325	NA	2.64
MafatlalInd(100/5/e)	9003	13.5	43.8	0.0	425.7	150.2	12.2	11.15	6.9	3.05	3.05	22.68	5.3	22.0	97	1075.00	47.41	1:5	78	25	1450	360	1120	650	2.05	2.53
MahaScooters(10/50/e)	9003	2.9	36.4	0.0	137.4	109.8	14.1	16.96	13.7	12.36	10.14	43.22	31.5	40.0	11	187.50	4.34	1:1	90	65	570	175	275	170	2.13	1.36
Mah&Mah(10/50/e)	9003	19.3	84.5	29.0	53.9	883.6	38.0	40.15	4.4	15.97	12.60	8.29	12.0	25.0	38	65.00	7.84	2:3	84	72	130	65	80	58	3.85	1.21
MangChem(10/50/d)	8903	12.4	12.4	0.0	20.0	144.8	36.3	10.09	5.6	8.85	12.74	5.70	28.6	8.0	10	11.50	2.02	–	--	–	39	14	17	10	8.68	0.58
McDowells(10/100/e)	9003	7.7	54.0	55.6	80.3	230.2	9.8	14.59	6.1	8.11	8.11	10.55	6.9	25.0	24	59.00	5.59	1:1	86	–	100	64	74	56	4.24	0.74
Mico(100/5/e)	8912	38.1	67.9	0.0	278.3	263.7	5.8	48.64	18.0	14.61	16.74	38.40	13.8	14.0	32	1360.00	35.42	1:1	86	91	1350	690	1470	700	1.03	4.89
ModiInd(10/100/e)	9003	3.3	4.5	10.9	23.5	197.0	7.9	-6.61	-3.2	-10.19	-14.17	-30.91	-54.8	--	NA	12.50	NA	1:5	69	26	33	15	20	10	NA	0.53
ModiRubber(10/50/e)	9003	10.4	56.0	0.0	63.9	473.8	8.5	25.06	5.2	6.08	7.16	5.86	9.2	25.0	36	62.00	10.58	–	--	–	100	44	70	50	4.04	0.97
ModiSteels(10/100/e)	9003	2.4	2.5	0.0	20.5	20.6	0.4	1.52	7.2	1.08	1.08	4.58	22.3	18.0	40	37.00	8.09	1:1	87	14	48	23	38	28	4.92	1.80
ModiXerox(10/50/e)	9003	19.5	4.7	0.0	12.4	123.8	0.5	12.31	9.9	6.03	6.03	3.10	25.0	16.0	52	73.50	23.73	–	--	–	110	60	80	60	2.18	5.93
MRF(10/50/e)	9003	3.9	55.0	0.0	152.4	572.9	2.2	32.10	5.6	12.35	9.86	31.99	21.0	60.0	23	545.00	17.03	1:2	75	46	470	190	565	300	1.10	3.58
Mukand(10/50/e)	9003	14.7	49.5	43.3	43.6	527.4	5.0	32.24	6.1	19.03	13.77	12.91	17.7	30.0	32	142.50	11.04	1:2	88	72	275	127	233	117	2.10	3.27
NationalRayon(100/5/e)	9003	6.0	8.2	63.5	237.1	201.6	2.0	13.10	6.4	10.89	10.89	181.20	14.0	--	NA	540.00	2.98	1:4	72	23	1700	385	580	328	NA	2.28
NationalSteel(10/100/e)	9003	10.8	2.9	0.0	12.7	73.7	0.5	2.67	3.6	0.45	0.38	0.42	3.3	--	NA	13.50	32.46	–	--	–	31	9	18	12	NA	1.06
NipponDenro(10/100/i)	9006	19.2	35.5	0.0	28.5	408.1	1.8	24.23	5.9	13.24	13.60	5.90	20.7	22.0	28	26.00	4.40	–	--	–	61	36	40	23	7.72	0.91
Nirlon(10/50/e)	9003	15.8	7.2	16.1	14.6	164.4	2.0	-8.20	-4.9	-20.65	-18.64	-13.10	-52.9	--	NA	22.00	NA	1:2	82	48	43	14	25	17	NA	1.51
NOCIL(100/5/e)	9003	36.0	109.9	0.0	405.2	445.8	21.7	81.56	17.4	42.24	42.24	117.33	29.0	40.0	34	1450.00	12.36	1:2	86	67	1900	900	1500	925	2.76	3.58
OrientalCarbon(10/50/e)	9003	3.2	9.0	5.7	37.8	50.8	0.2	3.59	7.1	1.17	2.50	3.63	6.6	20.0	26	42.00	11.56	1:3	89	25	90	34	68	35	4.73	1.11
OrientPaper(10/100/e)	9003	11.5	83.8	0.0	83.2	237.8	5.5	17.79	7.3	4.71	9.56	4.10	4.9	18.0	22	175.00	42.7	1:1	86	–	180	65	180	125	1.04	2.10
OrissaCement(10/100/e)	9003	5.4	30.9	16.6	67.2	122.1	4.6	10.53	8.3	1.22	1.33	2.26	2.3	20.0	81	175.00	77.46	1:1	87	58	175	25	180	125	1.14	2.60
OTIS(10/50/e)	9003	5.4	20.3	0.0	47.9	59.1	1.5	8.76	14.5	4.04	3.57	7.52	15.7	25.0	36	205.00	27.25	1:1	85	80	265	170	245	170	1.15	4.28
ParkeDavis(10/50/e)	9003	7.5	9.8	0.0	23.0	81.2	0.6	8.46	10.3	5.17	5.19	6.87	29.8	35.0	51	87.50	12.74	3:5	78	31	133	80	98	69	4.01	3.80
PeicoElect(10/100/e)	9003	33.3	16.9	19.3	15.1	417.9	4.1	15.97	3.8	3.24	1.92	0.97	4.7	10.0	173	88.00	90.50	1:5	82	49	85	17	96	53	1.14	5.84
PhillipsCarbon(10/50/e)	9009	5.3	6.9	2.5	23.2	82.9	2.4	2.55	3.0	0.90	0.83	1.71	6.1	14.0	89	37.50	21.92	2:5	84	70	53	33	45	30	3.75	1.62
Polyolefins(100/5/e)	9003	19.3	56.5	0.0	392.7	209.3	11.9	35.25	15.9	18.14	18.22	93.99	23.9	35.0	37	1325.00	14.10	1:2	88	69	1525	850	1325	900	2.64	3.37
PrakashTubes(10/50/e)	9003	3.5	10.7	2.8	40.4	81.6	0.8	6.57	8.0	3.23	1.17	9.20	19.0	24.0	72	40.00	4.35	3:4	81	9	80	33	46	31	5.98	0.99
PremierAuto(10/50/e)	9006	22.8	73.9	50.1	42.5	551.0	10.7	29.41	5.2	15.82	14.27	6.95	10.8	30.0	46	45.00	6.47	1:1	86	38	80	37	53	32	6.37	1.06
Procter&Gamble(10/50/e)	9006	6.7	15.2	0.0	32.8	75.3	1.5	6.40	8.3	4.48	5.60	6.71	20.4	30.0	36	280.00	41.75	4:5	88	82	390	185	290	190	1.07	8.53
PudumjeePulp(10/50/e)	9003	3.1	17.8	0.0	67.8	56.0	1.5	10.45	18.2	6.27	4.41	20.36	30.0	15.0	10	135.00	6.63	1:5	82	55	200	90	138	83	1.11	1.99
PunjabConcast(10/50/f)	8903	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	41.69	40.7	33.3	7	150.00	3.60	–	--	–	350	157	250	150	1.64	1.46
PunjabTractors(10/50/e)	9003	3.2	26.9	0.0	95.3	158.6	2.1	13.81	8.6	7.57	6.41	24.03	25.2	50.0	25	255.00	10.61	2:5	81	29	400	135	275	140	1.97	2.68
Rallis(10/50/e)	9003	9.5	35.6	0.0	47.3	356.0	4.6	5.63	1.6	1.83	1.83	1.92	4.1	10.0	52	82.50	42.96	3:10	77	12	130	67	141	71	1.21	1.74
RanbaxyLabs(10/50/e)	9003	9.1	31.5	0.0	44.6	199.1	8.3	13.35	6.4	8.09	5.29	8.87	19.9	25.0	43	242.50	27.34	1:1	88	NA	130	86	243	100	1.03	5.43

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months, f-9 months, g-16 months, h-11 months, i-14 months, j-17 months, k-13 months, l-7 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 18 July	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
CromptonGr(100/5/e)	9003	19.2	39.8	27.8	302.3	510.4	7.0	27.26	5.3	13.08	13.45	68.13	15.2	18.0	26	1175.00	17.25	1:1	89	84	1800	800	1350	683	1.53	3.89
Cyanamid(10/50/e)	9003	5.3	12.5	0.0	33.8	66.8	2.4	8.27	12.0	4.09	4.06	7.79	23.0	25.0	32	145.00	18.61	9:4	79	73	150	86	145	81	1.72	4.29
DCM(10/100/e)	9003	23.0	37.8	0.0	26.4	774.8	25.5	25.48	3.2	9.85	7.63	4.28	16.2	--	NA	250.00	58.43	4:5	71	61	110	46	300	123	NA	9.46
DCW(10/50/e)	9003	5.9	23.5	5.0	49.8	133.6	2.1	13.27	9.8	6.41	4.51	10.88	18.6	25.0	33	86.00	7.90	1:1	88	67	155	40	91	55	2.90	1.73
DeepakFert(10/50/e)	9003	32.7	37.1	0.0	21.3	36.2	13.7	21.86	43.9	11.95	11.97	3.58	16.8	18.0	31	26.00	7.26	-	--	-	44	26	32	24	4.29	1.22
DeepakNitrite(10/50/e)	9003	2.4	8.4	8.8	44.7	37.5	4.8	5.90	13.9	3.54	3.83	14.57	18.0	30.0	20	90.00	6.18	2:5	85	81	155	80	106	81	3.34	2.02
DharamsiChem(10/50/e)	9003	6.4	14.8	0.0	33.0	120.8	2.4	10.51	8.5	6.22	4.09	9.69	29.3	25.0	39	42.50	4.39	2:5	79	88	100	40	75	40	5.90	1.29
Dunlop(10/100/e)	9003	19.0	67.2	88.8	45.4	572.7	8.4	26.80	4.6	8.15	9.08	4.25	4.6	30.0	63	56.00	13.18	1:3	76	54	90	50	61	33	5.36	1.23
Duphar(10/50/e)	9003	1.8	3.9	0.0	31.4	33.0	0.9	2.07	6.1	1.04	1.04	5.65	18.0	14.0	25	77.50	13.71	1:3	88	74	100	40	95	59	1.82	2.47
EicherMotors(10/100/e)	9003	10.0	0.3	0.0	10.3	113.6	0.6	4.25	3.7	3.21	3.21	3.21	31.3	--	NA	39.00	12.14	-	--	-	56	13	54	34	NA	3.80
EID Parry(10/50/f)	9003	6.3	18.2	13.2	39.0	162.5	26.3	12.74	6.7	5.10	5.10	10.83	18.0	29.9	28	104.00	9.60	-	--	-	105	72	105	69	2.16	2.67
EleconEngg(10/50/e)	9003	5.7	26.6	0.0	57.1	99.8	1.7	7.54	7.4	0.78	1.03	1.38	2.4	12.0	66	50.00	36.22	3:5	87	61	88	53	55	46	2.41	0.88
ElgiEquip(10/50/e)	9003	1.0	10.9	0.0	119.0	58.4	0.8	4.03	6.8	1.77	1.77	17.70	14.9	20.0	11	270.00	15.25	1:1	86	88	350	200	280	190	0.74	2.27
Enfield(10/100/f)	8903	5.0	0.0	9.0	10.0	53.9	0.2	0.74	1.4	-1.36	-1.36	-3.99	-14.3	--	NA	19.00	NA	1:1	85	31	21	6	--	--	NA	1.90
EnglishElect(10/100/e)	9003	9.0	22.6	0.0	35.1	108.4	1.5	11.37	10.3	6.66	6.66	7.40	21.1	25.0	34	68.00	9.19	1:1	87	75	154	56	133	63	3.68	1.94
Escorts(10/50/e)	9003	33.9	103.4	22.4	40.5	794.8	25.0	45.20	5.5	22.69	22.50	6.69	14.2	30.0	45	153.75	22.97	3:5	86	57	215	78	170	135	1.95	3.80
Eskayef(10/50/e)	9003	7.5	26.6	0.0	45.4	67.2	1.1	12.64	18.5	7.83	7.83	10.44	23.0	30.0	29	197.50	18.92	1:2	88	33	200	116	202	110	1.52	4.35
EssarShipp(10/100/e)	9006	46.4	71.2	0.4	25.3	149.0	0.6	59.07	39.5	36.42	37.08	7.77	30.6	22.0	28	40.25	5.18	-	--	-	49	25	47	20	5.47	1.59
EssenComp(10/50/e)	9003	1.3	8.4	0.0	73.2	23.6	0.8	2.81	11.5	1.80	1.80	13.53	18.5	25.0	18	25.00	1.85	-	--	-	120	48	75	21	9.92	0.34
EverestBldg(10/50/e)	9003	2.5	15.4	0.0	72.3	78.2	2.0	6.69	8.3	4.39	3.56	17.77	24.6	20.0	24	115.00	6.47	1:3	66	41	290	95	160	88	3.03	1.59
ExcelInd(10/50/e)	9003	4.6	18.1	0.0	49.1	101.9	4.8	14.79	13.9	9.23	7.38	19.98	40.7	50.0	31	315.00	15.77	4:5	84	84	430	167	365	220	1.59	6.41
FerroAlloys(10/50/e)	9003	8.7	55.8	0.0	73.9	215.9	5.2	22.31	10.1	14.74	14.46	16.88	22.8	16.2	10	50.00	2.96	1:2	80	43	126	45	55	33	3.23	0.68
FinolexCables(10/50/e)	9003	3.2	38.5	0.0	128.9	109.8	7.1	13.59	11.6	9.15	9.15	28.24	21.9	50.0	18	195.00	6.90	4:5	88	44	410	195	260	170	2.56	1.51
FinolexPipes(10/100/e)	9003	10.9	6.5	0.0	16.0	74.1	2.0	4.77	6.3	3.17	3.48	2.91	18.2	18.0	39	24.00	8.26	-	--	51	65	24	33	20	5.23	1.50
GE Shipping(10/100/f)	9003	68.1	87.0	0.0	22.8	213.1	16.0	78.27	34.2	39.84	3.91	5.85	25.7	20.0	218	77.50	13.24	2:3	81	36	55	27	81 **	26	1.61	3.40
GeneralElect(10/50/e)	9003	14.4	24.4	0.0	27.0	173.3	2.6	8.96	5.1	5.20	5.20	3.61	13.4	10.0	28	57.50	15.92	1:1	89	77	48	8	58	30	1.74	2.13
GermanRem(10/50/e)	9003	3.3	9.2	0.0	36.3	69.8	4.2	7.27	9.8	4.32	4.47	13.25	34.6	20.0	15	110.00	8.30	3:5	82	80	400	68	155	85	1.81	2.87
Glaxo(10/50/e)	9003	20.0	56.0	0.0	38.0	334.1	15.6	23.34	6.7	10.55	15.37	5.28	13.9	27.0	35	130.00	24.64	1:3	80	54	128	80	135	83	2.08	3.42
GNFC(10/50/e)	9003	89.0	99.9	0.0	21.2	330.4	3.8	55.00	16.5	5.68	5.68	0.64	3.0	10.0	125	39.00	61.10	-	--	-	60	33	42	35	2.05	1.84
GodfreyPhil(10/100/e)	9003	2.6	6.4	0.0	34.8	466.1	2.4	9.61	2.1	3.97	3.97	15.19	43.7	50.0	33	270.00	17.77	1:1	75	34	250	48	310	175	1.85	7.77
GokakPatel(10/50/e)	9003	6.5	26.0	0.0	49.8	101.7	2.8	15.43	14.8	8.93	7.43	13.70	27.5	32.1	28	260.00	18.98	1:1	87	79	270	75	263	150	1.23	5.22
GoodlassNero(10/50/e)	9003	3.2	8.3	7.8	35.5	141.1	0.7	5.32	3.8	2.75	2.75	8.49	14.3	20.0	24	62.50	7.36	5:7	78	57	160	60	88	53	3.21	1.76
GordonWood(10/50/e)	9003	2.5	1.1	3.4	14.6	15.8	3.0	-0.71	-3.8	-0.85	-0.85	-3.41	-12.1	--	NA	10.00	NA	-	--	23	18	7	13	7	NA	0.69
GraphiteIndia(10/50/e)	9003	4.2	11.6	0.0	37.5	55.5	1.6	5.20	9.1	2.85	2.93	6.77	18.0	20.0	29	37.50	5.54	1:2	80	56	56	15	53	34	5.32	1.00
Grasim(10/50/e)	9003	48.5	203.6	54.6	52.0	1029.5	49.1	128.3	11.9	55.39	62.84	11.38	18.0	30.0	23	254.00	22.31	3:4	88	61	278	106	256	168	1.18	4.88
GreavesCotton(100/50/e)	9003	9.9	27.6	0.0	379.9	212.9	3.6	11.13	5.1	5.27	6.54	53.14	14.0	18.0	27	88.75	1.67	1:2	88	86	115	70	93	60	20.23	0.23
GSFC(10/50/e)	9003	44.4	335.7	0.0	85.6	682.5	10.9	88.78	12.8	54.09	40.08	12.17	14.2	30.0	29	217.50	17.87	3:10	87	64	308	155	222	158	1.18	2.54
GTC Ind(10/50/e)	9003	5.0	14.7	43.7	39.3	223.2	21.6	8.13	3.3	5.40	5.40	10.80	8.5	35.0	32	90.00	8.33	1:4	72	66	85	21	110	55	3.89	2.29
Guj Alkalies(10/50/e)	9003	17.9	33.9	0.0	28.9	112.4	0.8	20.31	17.9	7.55	6.05	4.22	14.6	26.0	77	160.00	37.95	1:5	87	18	140	75	165	120	1.63	5.54
Guj Amouja(10/100/e)	9006	20.0	15.1	0.0	17.5	117.2	1.9	23.29	19.6	14.51	14.46	7.26	41.4	25.0	35	175.00	24.12	-	--	-	136	21	181	94	1.43	9.98
Guj Steel(10/50/e)	9003	4.6	11.1	6.5	34.1	125.2	0.3	4.52	3.6	1.97	1.97	4.28	8.9	15.0	35	22.00	5.14	1:1	82	57	47	22	27	19	6.82	0.65
HCL(10/100/e)	9006	14.9	29.4	0.0	29.8	226.7	3.3	7.93	3.4	5.65	6.14	3.80	12.8	10.0	24	50.00	13.14	-	--	-	70	24	80	30	1.99	1.68
HDFC(100/10/f)	9003	20.0	65.0	0.0	424.9	180.0	14.4	34.24	17.6	24.72	24.72	123.60	29.1	20.0	16	400.00	3.24	-	--	-	480	300	480	250	5.00	0.94
Herdillia(10/50/e)	9003	7.4	29.9	13.8	50.6	110.6	2.2	15.45	13.7	7.72	7.47	10.50	15.1	26.0	26	90.00	8.57	1:2	78	33	140	75	100	78	2.89	1.78
HeroHonda(10/50/e)	9003	16.0	0.0	0.0	10.0	149.8	2.9	6.97	4.6	-0.32	-0.32	-0.20	-2.0	--	NA	77.50	NA	-	--	-	85	15	94	58	NA	7.75
Hind Ciba(100/5/e)	9003	17.7	48.2	0.0	371.9	246.3	4.6	31.14	12.4	13.74	13.74	77.58	20.9	32.0	41	1675.00	21.59	1:2	80	74	1900	650	1700	700	1.91	4.50
Hind Motors(10/100/e)	9003	26.4	46.7	31.6	27.7	609.7	7.9	14.97	2.4	2.02	4.67	0.77	1.9	7.5	42	23.75	31.00	1:1	86	58	57	20	29	17	3.16	0.86
HindLever(10/50/e)	8912	93.3	135.2	0.0	24.5	1008.2	3.0	105.1	10.4	53.81	55.37	5.77	23.5	35.0	59	190.00	20.23	1:1	87	91	173	101	195	144	1.84	7.75
HMM (10/50/e)	9003	14.2	28.0	0.0	29.7	141.1	5.0	28.03	19.2	16.98	18.03	11.97	40.3	62.0	49	387.50	32.36	1:1	87	96	403	230	393	305	1.60	13.03
Hoechst(100/5/e)	9003	9.6	40.0	16.1	517.0	256.9	29.5	14.17	4.9	9.05	6.44	94.47	13.8	20.0	30	3200.00	33.87	1:2	82	72	3300	1260	3650	2400	0.63	6.19
HyderabadInd(10/50/e)	9003	5.7	41.3	8.5	82.8	133.8	4.4	14.24	10.3	7.37	7.37	13.00	13.3	30.0	23	170.00	13.08	1:1	88	83	153	77	175	130	1.76	2.05
ICI India(10/50/e)	9003	40.9	38.8	71.8	19.5	507.2	137.7	18.32	2.8	-12.19	-12.19	-2.98	-8.1	--	NA	59.00	NA	1:3	78	21	70	31	60	28	NA	3.03
IndiaCements(10/50/e)	9003	4.9	20.9	22.9	52.6	146.5	2.1	7.45	5.0	2.81	2.47	5.73	5.8	15.0	30	172.50	30.08	2:5	70	29	170	15	182	88	0.88	3.28
IndiaFoils(10/50/e)	9003	4.4	16.2	3.7	47.0	113.3	1.3	5.13	4.5	2.10	2.10	4.79	8.7	23.0	48	81.00	16.89	1:4	82	11	100	65	85	65	2.85	1.72
IndianAlum(10/100/d)	8903	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	5.35	20.5	20.0	37	176.00	32.92	2:5	77	38	260	110	207	150	1.42	6.75
IndianDystuff(100/5/e)	9003	11.3	17.0	14.2	250.1	206.3	10.7	13.46	6.2	4.18	3.25	36.96	9.8	14.0	49	725.00	19.62	1:4	80	33	850	250	750	450	1.93	2.90
IndianHotels(10/50/e)	9003	14.8	51.4	0.0	44.8	138.3	3.3	20.57	14.5	11.52	8.52	7.79	17.4	25.0	43	115.00	14.76	1:2	89	66	135	83	118	90	2.18	2.57
IndianOrganic(10/50/e)	9003	18.4	26.4	0.0	24.3	240.4	5.2	22.16	9.0	8.52	8.52	4.63	19.0	15.0	32	44.00	9.50	1:2	85	46	91	35	48	31	3.41	1.81
IndianRayon(10/50/e)	9003	25.4	134.5	58.4	62.9	405.2	8.9	47.55	11.5	19.79	19.86	7.78	9.1	30.0	38	142.00	18.25	1:4	80	3	175	84	146	105	2.11	2.26
IndiaSteamship(10/50/e)	8903	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	11.72	-26.6	--	NA	14.00	1.19	1:1	75	27	19	12	14	9	NA	NA

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months, b-18 months; c-10 months; d-15 months; e-12 months, f-9 months, g-16 months, h-11 months, i-14 months; j-17 months; k-13 months; l-7 months.

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

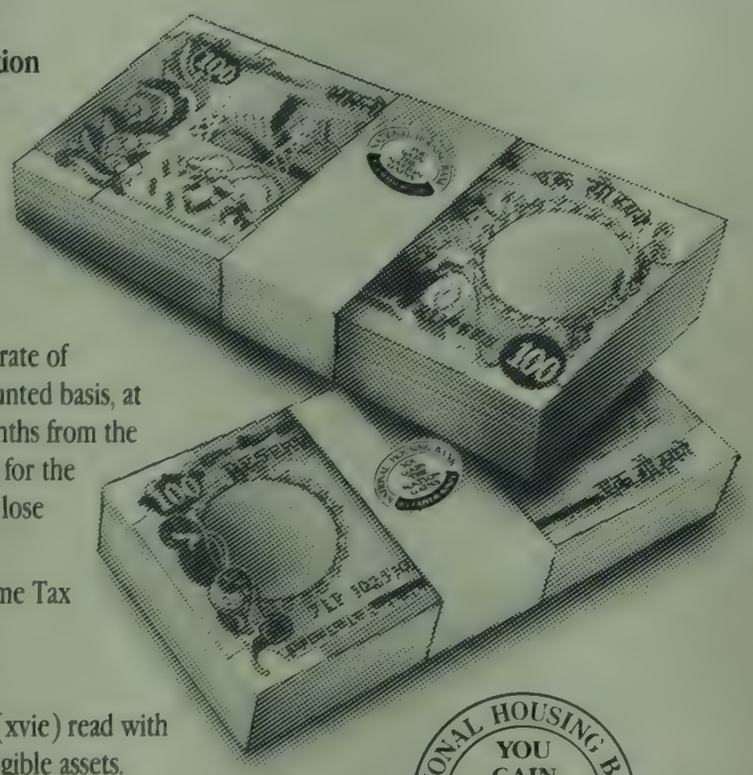
Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 18 July	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
Rasoi (10/50/e)	9003	1.2	6.6	0.0	64.7	59.3	1.1	1.64	2.7	0.64	0.84	5.33	8.2	20.0	29	60.00	11.25	1:2	85	35	85	48	68	45	3.33	0.93
RathiAlloys(10/50/e)	9003	2.9	19.5	0.0	77.3	112.0	0.5	6.41	5.7	3.59	8.14	12.42	16.1	40.0	14	45.00	3.62	--	--	--	180	53	70	41	8.84	0.58
Raymonds(10/50/e)	9003	22.5	83.6	0.0	47.2	376.6	8.7	41.07	10.7	18.50	18.12	8.08	17.1	20.0	25	155.00	19.18	1:1	87	78	175	70	180	118	1.29	3.28
Reckitt&Col(10/50/e)	8912	8.4	18.1	0.2	31.6	85.2	2.4	14.09	16.1	7.93	7.96	9.45	29.7	40.0	42	294.00	31.11	1:1	88	70	280	198	305	205	1.36	9.31
RelianceInd(10/50/e)	9003	152.1	929.1	0.0	71.1	1840.7	16.9	252.5	13.6	90.50	93.40	5.89	8.3	30.0	49	131.00	22.23	3:5	83	10	245	50	164	91	2.29	1.84
ReliancePetro(10/100/e)	8903	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	0.58	5.8	15.0	90	28.00	48.23	--	--	--	57	21	49	28	1.88	2.78
Revathi CP(10/50/f)	9003	1.6	3.9	0.4	33.9	17.2	0.1	1.64	9.5	0.93	0.95	7.62	20.9	26.5	34	100.00	13.13	1:1	87	50	100	67	100	75	1.99	2.95
RhonePoulenc(10/50/e)	9003	4.5	11.3	0.0	35.2	74.2	2.5	6.19	8.1	4.43	4.43	9.84	28.0	15.0	15	115.00	11.68	--	--	--	125	69	118	83	1.31	3.27
SandvikAsia(100/5/e)	8912	5.8	10.4	0.0	280.1	49.8	1.3	6.89	13.5	2.54	3.21	43.94	15.7	25.0	45	1215.00	27.65	1:1	84	80	1500	610	1475	725	2.05	4.34
Searle (10/50/e)	9003	5.2	17.8	0.0	44.1	56.1	2.0	6.43	11.1	3.98	4.07	7.62	17.3	20.0	26	155.00	20.33	1:2	89	87	170	105	160	100	1.29	3.51
SesaGoa(10/50/e)	9003	5.2	12.7	0.0	34.7	74.7	3.2	7.58	9.7	3.38	3.42	6.56	18.9	18.0	27	365.00	55.61	2:5	86	42	220	89	370	125	0.49	10.53
SeshaPaper(10/100/e)	9003	7.3	0.0	0.0	10.0	58.6	1.4	1.54	2.6	-1.53	-1.53	-2.11	-21.1	--	NA	38.75	NA	1:2	76	24	35	10	39	14	NA	3.88
ShalimarPaint(10/100/e)	9003	1.9	2.1	0.0	21.2	67.2	0.4	1.01	1.5	0.72	0.72	3.81	18.0	10.0	26	55.00	14.44	3:10	82	67	60	38	60	50	1.83	2.59
ShawWallace(10/100/e)	9003	12.0	37.0	20.5	40.8	333.6	34.9	24.87	6.7	13.88	13.93	11.57	20.0	42.5	37	132.50	11.46	1:1	87	94	110	67	133	80	3.21	3.25
ShreeSynth(10/50/e)	9003	5.6	22.0	0.0	49.1	160.1	1.8	17.25	10.7	9.12	7.68	16.23	33.0	40.0	29	58.75	3.62	2:5	84	29	155	42	71	45	6.81	1.20
SI Shipping(100/5/e)	8909	6.0	26.5	0.0	542.3	57.7	6.3	26.49	41.4	16.69	12.17	278.17	51.3	40.0	20	1700.00	6.11	1:2	82	83	1750	875	1965	750	2.35	3.13
SI Viscose(100/5/e)	9003	11.0	38.5	0.0	449.0	132.7	2.1	33.85	25.1	23.59	23.59	213.87	47.6	45.0	21	1350.00	6.31	1:2	87	56	3000	1110	1715	1150	3.33	3.01
SiptaCoated(10/100/e)	9003	18.0	7.5	0.0	14.1	127.6	2.7	5.07	3.9	2.43	2.53	1.35	9.6	15.0	66	13.00	9.62	--	--	--	34	13	19	11	7.10	0.92
SiyaramSilk(10/100/e)	9003	3.7	9.8	0.0	36.6	71.6	2.1	5.10	6.9	2.16	1.94	5.90	16.1	21.0	40	51.00	8.64	1:2	88	42	98	24	74	36	4.13	1.39
SKF Bearings(100/5/e)	9003	24.7	55.4	0.0	324.1	142.0	8.2	44.83	29.9	20.76	19.44	84.01	25.9	15.0	19	2650.00	31.54	1:1	89	80	2775	1230	2800	1725	0.57	8.18
SpecialSteel(10/50/e)	9003	11.4	29.5	0.0	35.9	210.7	1.8	27.17	12.8	14.91	14.91	13.06	36.3	25.0	19	175.00	13.40	1:2	89	45	275	90	215	125	1.43	4.87
SpicElect(10/50/e)	9003	8.2	0.0	0.0	10.0	5.3	0.5	0.29	5.0	-0.53	-0.53	-0.65	-6.5	--	NA	13.50	NA	1:1	86	--	33	12	19	11	NA	1.35
StandardInd(10/50/e)	9003	11.1	37.5	30.6	43.9	223.1	18.0	13.84	5.7	1.79	1.86	1.62	2.3	20.0	119	110.50	68.28	2:5	82	72	128	53	115	51	1.81	2.52
StrawProducts(10/100/e)	9003	10.1	41.2	0.0	50.6	172.8	3.2	18.55	10.5	7.94	7.94	7.76	15.3	30.0	40	145.00	18.68	1:2	72	17	155	73	161	113	2.12	2.86
SundramFast(10/50/e)	9003	5.1	15.7	0.0	40.8	92.5	0.8	8.86	9.5	4.90	5.14	9.61	23.6	27.5	27	97.50	10.15	3:5	88	56	120	61	153	97	2.82	2.39
SupremeInd(10/50/e)	9006	2.3	29.7	0.0	140.2	115.4	0.8	8.98	7.7	5.24	5.27	22.98	16.4	60.0	26	285.00	12.40	1:1	87	70	500	225	335	190	2.11	2.03
SurajDiamond(10/100/e)	9003	10.5	30.9	0.0	39.5	135.3	0.2	11.21	8.3	10.85	10.85	10.35	26.2	25.0	13	43.50	4.20	--	--	--	65	43	53	34	3.16	1.10
SwadeshiPoly(10/50/e)	9003	3.9	19.1	16.9	58.9	66.6	2.6	4.58	6.6	1.83	1.83	4.69	4.6	17.5	37	38.75	8.26	--	--	--	95	38	45	32	4.50	0.66
SylvaniaLaxman(10/50/e)	9003	3.0	2.1	7.3	17.2	39.0	0.6	1.26	3.2	0.43	0.43	1.44	3.5	12.5	86	30.00	20.79	1:2	86	33	45	20	38	23	4.14	1.75
Synth&Chem(10/50/e)	9003	9.9	16.7	24.3	26.9	140.4	1.4	6.79	4.8	3.84	4.63	3.89	7.6	25.0	37	49.00	12.58	--	--	--	84	39	58	39	3.52	1.82
TataChem(10/50/e)	9003	49.2	259.3	0.0	62.7	266.2	42.9	77.30	25.0	40.74	36.12	8.29	13.2	30.0	41	74.00	8.93	2:5	85	27	165	63	80	60	4.05	1.18
TataPower(100/5/e)	9003	20.5	105.1	0.0	612.2	416.2	5.5	48.32	11.5	40.05	12.08	195.18	31.9	20.0	34	2020.00	10.35	1:5	75	--	1950	410	2020	925	0.99	3.30
TataPress(10/50/e)	9003	1.6	5.6	0.0	45.9	19.8	0.8	0.62	3.0	-0.56	-0.56	-3.57	-7.8	10.0	-29	46.00	NA	7:11	83	30	75	43	55	35	2.22	1.00
TataRobins(10/50/e)	9003	3.1	5.1	0.0	26.3	36.3	1.2	2.50	6.7	0.72	0.52	2.31	8.8	16.0	96	43.75	18.96	1:4	77	5	85	36	48	35	3.66	1.66
TataTea(10/50/e)	9003	17.1	110.0	0.0	74.4	256.2	14.3	76.77	28.4	41.49	41.12	24.28	32.6	60.0	25	382.50	15.76	2:5	88	40	490	173	390	275	1.57	5.14
TataTelecom(10/100/e)	9003	4.5	5.8	0.0	23.0	24.8	0.3	2.77	11.0	1.62	1.46	3.60	15.7	--	NA	120.00	33.33	--	--	--	115	45	120	59	NA	5.23
TataUnisys(10/50/e)	9003	4.4	8.9	0.0	30.4	39.1	1.3	9.01	22.3	5.15	5.15	11.76	38.7	30.0	25	232.50	19.77	2:5	87	29	235	24	233	125	1.29	7.66
TCI(10/50/e)	9003	5.1	15.4	15.0	40.3	142.4	1.1	6.74	4.7	1.37	2.02	2.70	3.9	18.0	46	55.50	20.58	1:2	86	81	68	24	60	23	3.26	1.38
Telco(10/50/e)	9003	103.7	378.7	0.0	46.5	1905.9	63.2	197.2	10.0	102.5	94.32	9.88	21.2	30.0	33	245.00	24.81	2:5	82	0	273	110	250	144	1.22	5.27
Tinplate(10/50/e)	9003	10.1	12.2	0.0	22.0	168.0	1.9	5.55	3.3	2.57	2.61	2.54	11.5	15.0	58	35.00	13.78	4:5	76	19	53	25	46	28	4.29	1.59
Tisco(10/50/e)	9003	229.4	1103	0.0	58.1	1976.2	159.4	294.6	13.8	148.5	102.0	6.47	11.1	30.0	50	218.50	33.75	2:5	87	30	275	103	221	134	1.01	3.76
TOMCO(25/5/e)	9003	8.1	24.2	0.0	99.6	335.3	4.2	10.55	3.1	5.36	5.36	16.12	16.2	20.0	33	82.50	5.12	1:5	90	36	390	65	83	60	6.54	0.83
TribeniTiss(10/50/e)	9003	8.0	10.4	0.0	23.1	64.7	0.1	7.05	10.9	4.78	5.26	6.01	26.1	30.0	45	146.50	24.37	1:4	84	31	155	74	153	91	2.05	6.35
TVS Suzuki(10/100/e)	9003	23.1	0.0	0.0	10.0	142.2	1.6	-0.75	-0.5	-5.53	-5.20	-2.39	-23.9	--	NA	13.00	NA	--	--	--	29	9	16	11	NA	1.30
Tw.CenturyFin(10/100/e)	9003	8.9	13.4	3.0	25.1	31.3	1.9	19.44	58.5	4.04	4.03	4.55	16.0	22.0	48	29.00	6.37	2:5	85	34	55	22	39	26	7.57	1.16
UnichemLab(10/50/e)	9003	1.4	4.4	3.5	42.7	51.2	1.7	0.40	0.8	-0.23	0.14	-1.70	-2.5	10.0	100	120.00	NA	1:2	86	67	60	30	123	45	0.86	2.81
UnionCarbide(10/50/e)	9003	32.6	29.9	0.0	19.2	230.6	3.6	9.31	4.0	-13.22	-11.58	-4.06	-21.2	6.0	-17	51.00	NA	1:2	80	74	47	22	53	36	1.16	2.66
Unitech(10/100/e)	9003	7.2	16.5	0.0	32.9	51.1	0.3	6.34	12.3	4.48	4.97	6.21	18.9	22.0	32	34.00	5.47	--	--	57	43	25	39	25	6.49	1.03
UnivCables(10/50/e)	9003	5.3	45.7	15.2	95.6	130.7	3.0	10.27	7.7	5.59	5.59	10.47	8.4	18.6	18	85.00	8.12	1:2	79	22	140	80	110	70	2.18	0.89
VideoconInt(10/100/e)	9003	4.2	33.4	0.0	89.2	417.6	0.2	40.45	9.7	27.16	26.91	64.36	72.1	60.0	6	175.00	2.72	--	--	--	600	180	275	134	2.36	1.96
VikrantTyres(10/50/e)	9003	10.4	4.6	0.0	14.4	218.1	1.2	11.01	5.0	2.00	3.00	1.82	12.6	15.0	54	30.00	16.51	--	--	--	58	20	36	21	5.00	2.08
VindhyaTele(10/100/e)	9003	3.9	11.5	9.5	39.4	54.0	0.4	8.39	15.4	3.13	3.13	8.03	12.6	24.0	30	62.50	7.79	--	--	--	140	64	83	58	3.86	1.59
VIP Ind(10/100/a)	9003	6.0	3.5	0.0	15.8	53.1	1.0	1.11	2.1	-0.47	-0.48	-1.18	-7.4	--	NA	58.00	NA	1:1	84	59	83	17	76	40	NA	3.67
Voltas(10/50/e)	9003	19.9	42.1	0.0	31.2	500.0	3.7	24.81	4.9	18.16	18.26	9.15	29.3	24.0	26	120.00	13.12	1:2	89	49	145	65	125	95	2.00	3.84
VST Ind(10/50/e)	9003	9.7	13.2	16.4	23.7	374.6	2.3	13.72	3.6	5.93	5.93	6.15	15.1	30.0	49	175.00	28.48	3:5	89	85	145	33	180	95	1.72	7.38
WestCoastPaper(100/5/e)	9003	4.1	8.3	0.0	302.2	105.4	1.4	6.16	5.8	4.39	4.39	107.07	35.4	15.0	14	575.00	5.37	1:5	74	37	925	290	890	415	2.63	1.90
WI Enterprises(10/50/e)	9003	4.8	9.0	1.5	28.6	46.2	0.0	3.04	6.6	1.01	0.96	2.10	6.6	16.0	80	13.50	6.43	3:5	83	19	38	18	22	15	11.86	0.47
Wimco(10/50/e)	9003	13.6	5.5	0.0	14.1	121.3	4.4	-6.45	-5.1	-8.55	-4.00	-6.30	-44.8	--	NA	35.50	NA	1:5	70	31	75	17	38	17	NA	2.52
Wipro(10/50/e)	9003	3.7	20.3	0.0	65.1	179.1	7.9	9.23	4.9	4.56	2.82	12.36	19.0	25.0	33	275.00	22.25	1:1	89	95	355	190	320	210	0.91	4.23
ZuariAgro(10/50/e)	9003	12.4	58.4	0.0	56.9	258.7	5.5	19.82	7.5	8.22	11.93	6.13	10.8	30.0	33	75.00	12.23	--	--	--	100	50	85	60	4.00	1.32

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months.

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

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PICK OF THE JOBS

FINANCIAL CONTROLLER-CUM-SECRETARY



Organisation: An engineering company with a foreign collaboration and a Rs 50 crore turnover.
Requirements: A CA and a qualified company secretary; around 35-40 years; should have sizeable experience.
Other details: Will be based at Bombay.
Remuneration: Around Rs 1.45 lakh per annum; negotiable.
Enquiries to: Beam Services, 1 Colaba Chambers, Wodehouse Road, Colaba, Bombay 400 005. Tel: 4950122, 2151123/24.

GENERAL MANAGER — TECHNICAL



Organisation: An engineering company with a foreign collaboration and a Rs 50 crore turnover.
Requirements: A chemical or mechanical engineer; in mid-thirties; with experience in manufacturing and project development.
Other details: Will be based at Bombay; will be responsible for the absorption of new technology and project development.
Remuneration: For the asking.
Enquiries to: Beam Services.

R&D MANAGER



Organisation: An engineering company with a foreign collaboration and a Rs 50 crore turnover.
Requirements: A chemical engineer or polymer technologist; with experience in paints, varnishes and resins. Should have worked for five years in the R&D department of companies.
Other details: Will be based at Bombay.
Remuneration: Over Rs 1.25 lakh per annum with lavish perks.
Enquiries to: Beam Services.



PROJECT LEADERS



Organisation: A reputed business house engaged in exporting software to Europe and East Asia.
Requirements: Postgraduates in computer science or computer engineers; with six-eight years experience in design, software presentation, computer application systems and relational database; should have worked on minis and super minis; have good communication skills and dynamism.
Other details: Will be based at Bombay.
Remuneration: Over Rs 1 lakh per annum.
Enquiries to: Beam Services.

HARDWARE ENGINEER



Organisation: A reputed business house engaged in exporting software to Europe and East Asia.
Requirements: A computer engineer with experience in prime machines; around 30 years.
Other details: Will be based at Bombay.
Remuneration: Around Rs 1.3 lakh per annum.
Enquiries to: Beam Services.

WAREHOUSE MANAGER



Organisation: A reputed pharmaceutical firm.
Requirements: A science graduate; with experience in the pharmaceutical industry.
Other details: Will be based at Bombay; will be responsible for receiving and despatching finished products and keeping proper accounting systems.
Remuneration: Rs 1.15 lakh per annum.
Enquiries to: Beam Services.

GROUP VICE-PRESIDENT — PERSONNEL



Organisation: A Rs 1,000 crore group of professionally-managed companies manufacturing engineering products.
Requirements: Postgraduates in personnel management from a recognised institute; around 45-52 years; with 12-15 years' experience in industrial relations, training and development and other personnel functions in a reputed company, out of which at least 10 years should have been in a senior capacity.
Other details: Will be based at Madras and Bombay.
Remuneration: No constraint; perks will include house, car.
Enquiries to: Career Placement Services, PB No 8148, Bombay 400 051.



VICE-PRESIDENTS — MANUFACTURING



Organisation: A Rs 1,000 crore group of professionally-managed companies manufacturing engineering products.
Requirements: Graduates in mechanical/electrical engineering; around 40-45 years; with 10-12 years' experience in production, quality control and R&D, among other things, in a reputed company, out of which at least seven years should have been in a senior capacity.
Other details: Will be based at Madras.
Remuneration: Excellent; house, car.
Enquiries to: Career Placement Services.

GENERAL MANAGER — WORKS



Organisation: A multinational pharmaceutical company.
Requirements: A graduate in pharmacy or in engineering; around 45-52 years; with 10-12 years' experience in a senior capacity in the pharmaceutical industry; should be strong in manufacturing and able to control the labour force.
Other details: Will be based at Bombay.
Remuneration: Will not be a constraint; car, house.
Enquiries to: Career Placement Services.

MARKETING MANAGER



Organisation: An established Rs 100 crore finance company belonging to a well-diversified group.
Requirements: A CA; around 35 years; with five-seven years' experience in leasing, hire purchase, bill discounting, identification and negotiation with parties, execution of contracts and recoveries, among other things, a real go-getter.
Other details: Will be based at Bombay.
Remuneration: No constraints.
Enquiries to: Jonzehn Services, PB No 9891, Bombay 400 050; Tel: 6420387.

PORTFOLIO MANAGER



Organisation: An established Rs 100 crore finance company belonging to a well-diversified group.
Requirements: Preferably a CA/MBA, around 35 years; with a computer background; should be mature, analytical, familiar with stockmarket dealings/handling of receivables, among other things.
Other details: Will be based at Bombay.
Remuneration: No constraints.
Enquiries to: Jonzehn Services.

FACTORY MANAGER



Organisation: A leading manufacturer of consumer goods with multinational collaborations and a Rs 500 crore turnover.
Requirements: A mechanical engineer preferably qualified in management; around 35-40 years; with experience in manufacturing and allied functions in a consumer products/pharmaceutical/tea manufacturing/processing unit.
Other details: Will be based at Bombay.
Remuneration: The best; house, car.
Enquiries to: Personnel Search Services, 71A Mittal Chambers, Nariman Point, Bombay 400 021. Tel: 2027859/4164.

OVERSEAS POSITIONS

CREDIT HEAD

Organisation: A prominent bank in the United Arab Emirates (UAE).
Requirements: An experienced banker in the late thirties; with strong credit skills; will head the credit/corporate banking functions.
Other details: Will be based in the UAE.
Remuneration: Very attractive.
Enquiries to: Personnel Search Services.

TREASURY HEAD

Organisation: A prominent bank in the UAE.
Requirements: An experienced banker in the late thirties; with good exposure to the treasury management function, with at least three years as its head.
Other details: Will be based in the UAE.
Remuneration: Very attractive.
Enquiries to: Personnel Search Services.

CORRESPONDENT BANKING HEAD

Organisation: A prominent bank in the UAE.
Requirements: A senior banker; around 35-45 years; with considerable experience in a reputed international bank in correspondent banking; with good international contacts.
Other details: Will be based in the UAE.
Remuneration: Very attractive.
Enquiries to: Personnel Search Services.

□ Indra Gidwani

CORPORATE ROMANCING

WALTER E. VIEIRA



It happened many years ago in a large multinational in Bombay. The 24-year-old management trainee, who was sent to the advertising department as part of the training, fell in love with the 45-year-old still-attractive advertising manager who was a divorcee – much to the embarrassment of the staid management. The fact that the female was a 'senior manager' in this situation; that they were living together; that they were openly courting each other; and that they were boss and subordinate in the same department — all this was grist for the office's rumour mill.

Finally, the managing director had to insist that one of them leave the organisation. It was a bad precedent and was upsetting office decorum and traditions. They were given six months to make alternative arrangements. Before the expiry of this deadline both emigrated to Canada, where the past and a staid and structured office environment would not come in the way of their happiness, to begin a new life.

A company I was associated with had a chief executive who in girth and temperament seemed to be far removed from being the "romantic" type. He was a workaholic and seldom smiled — as if he believed that smiling and hard work did not go together. He had a matronly secretary who was closer to retirement age than to the beginning of a career. Late one evening I happened to stop at a restaurant for a take-away package of food and perchance happened to see the CEO and his secretary canoodling at a corner table. There was obviously an "after-work" connection and I hurried out before I could be spotted.

My friend Raju made rapid progress up the ladder in the 10 years he was with a German multinational. He became marketing director at just 33. But Raju, of course, had to move out as fast as he moved up when the German managing director swung his cabin door open without knocking one afternoon. What did his boss see? Raju leaning over his secretary who had her head perched on his lap. German discipline did not permit such nonsense.

Chandu and Malini had simultaneously joined a company as management trainees. They had just finished their MBAs — but from different institutes — and both were taken into the marketing division. After working on some projects together, they fell in love and married. However, as the years went by they began to feel that they were making less progress up the corporate ladder because both were in the same division and in the same company. Their career fortunes were somehow tied to one another — and both could either go up fast or go slow, but one could not go faster than the other. After eight years with the company, Chandu left to join another organisation where he later moved on at the pace he wanted. Both had finally found satisfaction in their respective careers.

What then should be the relationship between the two sexes in the workplace? What should be the relationship between an executive and a secretary especially during times of crises such as during corporate infighting or financial setbacks, when the former relies on the latter not only to function effectively but also for emotional support?

It is important to ensure that the secretary's primary loyalty is to the company — not to the individual — and make sure that these two loyalties (to the boss and to the company) do not conflict.

The *Wall Street Journal* has summarised it succinctly in an article that said: "The executive must remember that every human relationship, even with one's spouse and children at home and certainly with one's subordinates/colleagues on the job, should not be all-consuming. The warmest of relationships will ultimately chill unless a certain area of individual privacy is reserved. The executive has no claim to total and absolute commitment in what is after all an economic relationship. In spite of the closeness — a distance needs to be maintained."



NO RIPPLES

Yet, all romances and marriages do not create ripples. Those occurring lower down the corporate ladder are often taken for granted or soon forgotten; the accounts clerk and the girl in the typing pool; the packing girl in the tablets section and the draftsman in the engineering section.

On one occasion I found two junior stenos competing for the favours of the handsome, well-spoken personnel clerk in one company. The battle, fought long and hard, came to a boiling point one afternoon in the staff lunchroom, where one girl flung a spoon at the other to show her objection to a remark that was made by the latter. The spoon missed its mark and a scratching, bruising fight ensued. Though they were pulled apart before too much damage was done, the news spread within the company — but nothing happened. Everyone got back to their work and the matter was soon forgotten. The incident did not rock the company boat — as anything half as violent at executive levels would have done.

• *The author is a Bombay-based management consultant*

SIEL

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Shriram Honda Power Equipment Ltd., turning over Rs. 35 crores, is a technological and financial collaboration with HONDA MOTOR COMPANY of Japan and manufactures portable generator sets, general purpose engines and water pumps to Honda's quality standards.

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The position offers attractive compensation package which includes, besides salary, perquisites such as HRA, LTA, Medical reimbursement, Car Operating Expenses, Provident Fund, Gratuity and Superannuation. For the right person the compensation will not be a limiting factor.

If you believe you are the right person for the position, please apply with complete bio-data and photograph within 10 days, superscribing the envelope "RSM-ETH" to:

General Manager – Selection & Recruitment
Johnson & Johnson Limited
30, Forjett Street, Bombay 400 036.

We are looking for the **ENGINEER MBAs** of today who will become the **Industry Leaders** of tomorrow

Larsen and Toubro Limited is India's leading engineering organisation, with turnover exceeding Rs. 1400 crores. It is large enough to accommodate the most ambitious, yet dynamic enough to respond to the most individual of needs. A company whose spectacular growth-chart parallels the career-paths of its people. A company that expects its Engineer MBAs to use their technical and managerial skills as vital inputs in the development of the organisation.

We have several openings for fresh MBAs. Those with up to 2 years' experience may also apply. If you are looking for that perfect synch between educational training and professional satisfaction, look at what we offer:

OPPORTUNITY AREAS	QUALIFICATIONS
★ Marketing Management	: Degree in Mechanical Engineering / Degree in Metallurgical Engineering / Degree in Chemical Engineering / Degree in Electrical Engineering) + MBA in Marketing
★ Corporate Planning	: Degree in Engineering + MBA in Finance
★ Strategic Planning	: Degree in Mechanical Engineering with specialisation in Marketing/Finance
★ Materials Management	: Degree in Engineering + MBA in Materials Management
★ Systems	: Degree in Mechanical Engineering + MIS/Systems
★ Industrial Engineering	: Degree in Mechanical Engineering + PGDIE from NITIE (two-year course)
★ Personnel	: Degree in Engineering/other disciplines + MBA in Personnel Management

Write to us with a brief personal resume and your career plan for the next five years. Superscribe Ref. No. CPD/267 ON APPLICATION AND ENVELOPE and address it to Central Personnel Department:

LARSEN & TOUBRO LIMITED
Powai Works, Post Box 8901, Bombay 400 072

L&T/ADV Dept

TCS

Marketing hot-shots: How quickly can you grow TCS' business?

Wanted marketing experts for TCS' Financial Services Group.

TCS is India's leading company in Information Technology and Management Consultancy.

There are over 2,400 professionals at TCS. And they are engaged in some of the most innovative work in the industry, finding creative solutions to tough problems.

What the TCS Financial Services Group is about:

The Group specialises in acting as the Registrar for Issue work, and also for companies to process their regular share transfer work. TCS serves over 50 companies and handles over 25 lakh accounts.

TCS has designed and implemented the on-line share registry system. And in addition, the Office Automation System which automates operations of share registration services.

The challenge before you...

Expand business in the regions – Bangalore, Bombay, Calcutta, Delhi, Hyderabad or Madras. Develop contacts with merchant bankers, financial institutions, statutory and professional bodies. Gather market intelligence. Keep track of market trends and new financial instruments. Constantly liaise with managers, bankers and others connected with processing of securities.

The potential is unlimited. The current aim is to have a manifold increase in turnover. Quickly.

Qualifications and Experience

MBAs; Post–graduates with a Chartered Accountant or Company–Secretary qualification. 5 years' marketing experience, preferably in the relevant area.

Reach for the opportunity

Apply within 10 days, enclosing your bio-data, and quoting the reference number "FSG–91" on the application and envelope, to:

Resident Manager
Tata Consultancy Services
Nicco House, 2nd Floor
2, Hare Street
Calcutta 700 001

Chaitra-B TCS 380

MANAGERIAL OPENINGS

Bahwan Automotive Centre MUSCAT

We are the largest Business Group in the Sultanate of Oman representing world renowned franchises like TOYOTA, FORD, M.A.N., KOMATSU, KUBOTA, YOKOHAMA, THERMOKING etc. As part of our expansion programme, we are looking for the following top flight professionals:

BUSINESS MANAGERS

JOB:

They will be independent profit centre heads managing a team of motivated professionals. They will evolve appropriate marketing strategies in a dynamic, competitive environment and be responsible for their implementation. They will interact closely with the overseas Principals for current and new product lines.

QUALIFICATION/EXPERIENCE:

Degree in Engineering from IITs/similar institutions with post graduate specialisation in Management from IIMs. 10-15 years experience in Sales/Marketing/Product Management functions in reputed organisations, of which atleast 3 years in an All India position. Exposure to international marketing will be an added asset. A successful track record, commercial acumen, leadership traits and strong interpersonal skills are a must. Age: 35-40 years.

ADVERTISING MANAGER

JOB:

To independently head the Advertising Division and be fully responsible for all the sales promotion and media advertising activities. He will effectively coordinate among all the product departments and liaise with suppliers, advertising agencies and media representatives. He will be actively involved in visualising, creating and implementing effective mass communication strategies.

QUALIFICATION/EXPERIENCE:

Basic Degree with post graduate qualification in Advertising and about 10 years experience in reputed Ad Agencies. He should be well versed in creative & production techniques and posses the necessary managerial skills to lead a team. Age: Around 35 years.

ASSISTANT MANAGERS

JOB:

To assist the Business Manager/Advertising Manager in all their responsibilities and functions mentioned above.

QUALIFICATION/EXPERIENCE:

Qualifications same as above with experience of 5-10 years in reputed organisations. Age: Around 30 years.

All the posts carry an extremely attractive remuneration package with substantial savings potential. Besides salary, fully furnished family accommodation, car, annual leave, air passage, free medical facilities and gratuity will be offered.

Applicants willing to join us from a long term perspective only may respond within 10 days with detailed resume, 3 photographs and photocopies of passport/certificates to:

The Senior Manager (Personnel)
Bahwan Automotive Centre
Post Box no. 168, Muscat
Sultanate of Oman.

Interviews will be held in Bombay, Pune, Delhi, Calcutta, Madras, Hyderabad and Bangalore. Please indicate your preference in the application.

WEST BENGAL INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

(A Government of West Bengal Undertaking)

Needs

FINANCIAL CONTROLLER - CUM-SECRETARY

Job requirement :

WBIDC is a Government owned promotional-cum-financial institution and renders various financial assistance to large and medium scale industries in the form of equity and loans besides acting as a disbursing agent of the State Government for various incentives under the State Incentive Scheme. The Corporation also implements joint sector projects. Part of the resources are raised by market borrowing.

The incumbent will be responsible for the accounts and secretarial functions. The candidate should have an all round knowledge and experience in these fields with sufficient competence to lead a team of officers. The job requires a high degree of professional competence and leadership.

Qualification & Experience :

Chartered Accountant / Cost Accountant and qualified Company Secretary with at least 10 years' experience in senior managerial position. Post Graduate qualification in Business Management will be desirable.

Terms :

Scale of Pay : Rs. 2500-125/2-2750/- (likely to be revised shortly). Higher initial pay in the grade may be considered in case of exceptionally qualified candidate.

Perquisites :

The post carries the benefit of House Rent Allowance, Contributory Provident Fund, Gratuity, reimbursement of medical expenses for self and family subject to a maximum of one month's salary per annum, Interim Relief and Dearness Allowance as per rules of the Corporation. The incumbent will be provided with the facilities of using staff car as per rules of the Corporation. Initial total emolument will be around Rs. 7140.

Age : 45-50 years relaxable by 5 years either way in case of SC/ST, Ex-service personnel.

General : (1) Persons employed in Govt. Department/Public Sector Undertaking should apply through proper channel or should produce a 'no objection certificate' from their employers at the time of interview.

(2) Outstation candidates called for interview will be paid to and fro 1st class Railway fare.

(3) Applications furnishing comprehensive bio-data including name, address, date of birth and details of qualifications with specialisation of disciplines, experience (covering organisation, positions held with areas of responsibility and emoluments drawn with attested copies of testimonials) should be sent within a fortnight of this advertisement to :-

The Managing Director
West Bengal Industrial Development Corporation Limited.
5, Council House Street (2nd & 3rd Floor)
Calcutta - 700 001

Panorama/WBIDC/91

ABC's major specialisations include Corporate Consultancy

ADDITIONAL DIRECTOR GENERAL

Calcutta **Excellent Terms**

We have been retained by a premier Engineering Institution to select an Additional Director General for them. This Institution, the largest in the country, is dedicated with far-reaching aims and objectives for the advancement of the engineering technology in the country and abroad through international linkages with world renowned educational societies.

His specific tasks will include (a) co-ordinating with a large number of professional centres in India and abroad (b) looking after technical activities pertaining to large seminars and congresses (c) editing a number of technical Journals and publications (d) man management, etc. The incumbent should be an Engineer in the age group of 45-50 with 10/15 years of experience in reputed organisations. Above all, he should be dynamic, strong administrator and a visionary.

This is a very senior position and the right candidate would become number one of the institution in course of time. Salary and perquisites will be very attractive. Please apply in strict confidence within 10 days and mark the envelope and enclosures with Code ADG/CAL/4114.

ABC CONSULTANTS PRIVATE LIMITED
303, Embassy Centre, Nariman Point, Bombay 400021

Strategic Planning • New Project Development • Techno Economic Feasibility Study

SWOT Analysis • Organisational Restructuring • MIS • Business Negotiations

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

DURGAPUR CHEMICALS LIMITED

(A Govt. of West Bengal Undertaking)
6, Little Russell Street, Calcutta 700 071

Requires

Company Secretary

for its Registered Office at Calcutta.

Qualification, Experience and age :Must be a qualified member of the Institute of Company Secretaries of India in the age group of 40 to 45 years with around 8/10 years' experience in Secretarial matters, Company Law affairs, finance and accounting functions.

Preference will be given to those holding a Degree in Law with experience in handling Legal matters of a large undertaking/company.

Scale of Pay :Rs. 2100/- 100 -2500/- (Likely to be revised).Salary at the minimum of the scale of Pay comes to Rs. 5948/- and at maximum Rs 6819/- per month including Basic, D.A., H.R.A., Interim Relief, Medical Allowance. The perks include Contributory Provident Fund, Gratuity, Car Allowance, Medical facilities, Tiffin Allowance etc. as per Rules of the Company. A deserving candidate can be given higher initial starting salary. Appointment will be on contract basis initially for 3 years.

Applications in plain paper giving complete bio - data should reach the **Manager (Administration), Durgapur Chemicals Limited, 6, Little Russell Street, Calcutta - 700 071** within 15 (Fifteen) days of publication of this advertisement.

GENERAL MANAGER WORKS

SPONGE IRON PROJECT

We are a well established, professionally managed Group with Group turnover expected to attain Rs. 150 crores in the current financial year. As part of our expansion plans, we are setting up a Sponge Iron Plant in Central India in foreign collaboration with LURGI, Germany at a project cost of Rs. 150/200 crores.

We require a General Manager (Works) in the age group of 35-40 years, to set up & implement the project. After completions he will assume over all charge of the works. The incumbent should be having a sound technical background and should be well acquainted and conversant with the installation techniques of similar plant & Machinery and will also be responsible for smooth operations. He will be reporting to Managing Director on routine work.

The Company offers excellent prospects, and he can be elevated to the post of Vice President(Works) with his encouraging results in implementation of the project fast . CANDIDATE WITH EXTRA-ORDINARY BACKGROUND COULD BE PLACED DIRECTLY AS CHIEF EXECUTIVE. Salary & Perks will be no constraint for the right candidate and will be best in the Industry. Apply in strict confidence to :

POST BOX NO. 9916, NEW DELHI-110064.

Registrya

ABC's major specialisations include Corporate Consultancy

Our clients are well diversified and highly profitable Industrial Group. They are in the field of Production of high Technology Systems & Equipments, Execution of Turnkey Contracts in Material Handling Systems, Environmental Engineering, Mineral Beneficiation, catering to Core Sector Industries such as Steel, Mines, Power, Railways, Cement, Defence, etc. They are now looking for several professionals to be located in **Bhilai (MP) & Calcutta.**

MANAGER/DY MANAGER - Marketing

Should be Mechanical/Metallurgical Engineers with 8-10 years of relevant experience in Steel Industry, Railways, Power, etc. Age Group 30-35. Code MAB/CAL/4115.

DIVISIONAL MANAGER - Foundry

Should be Metallurgical/Mechanical Engineer with 15-18 years of relevant experience in a reputed **Steel Industry.** Age Group 40-45. Code MBB/CAL/4116.

MANAGER - Industries Engineering

Should be Mechanical Engineer with PG qualifications in IE/OR with 8-10 years experience in Engineering Industry, preferably in machine shop or fabrication shop with exposure to developing time standards, incentive schemes, productivity improvement studies, process planning, computerisation of inventory control methods, etc. Age Group 30-35. Code MCB/CAL/4117.

2 MANAGERS - Maintenance Mechanical & Electrical

Should be Engineers/Diploma Holders with 10-15 years experience having minimum 5 years experience of foundry equipment, viz., melting & heat treatment furnaces, utilities and heavy engineering shop, etc. Exposure to CNC machines & static power control equipment will be preferred. Age Group 35-40. Code MDB/CAL/4118.

MANAGER - Design & Engineering

Should be Mechanical Engineer with 10-15 years experience in the systems design and development of processing & material handling equipment in Core Sector Industries like Steel Plant & Mines. Will head Design & Engineering department and would liaise with Consultants/Clients on all related matters. Age Group 35-40. Code MEB/CAL/4119.

MANAGER — EDP

Should preferably be an Engineer with 5-8 years experience in systems analysis & computer programming. Age Group 30-35. Code MFB/CAL/4120.

In addition to handsome salary, suitable company accommodation would be provided. Please write in Strict confidence to **T Sengupta, General Manager** within 10 days and mark the envelope & enclosures with appropriate job title & code.

ABC CONSULTANTS PRIVATE LIMITED

6A, Middleton Street, Calcutta 700 071 Phone : 478731/403087

New Project Development • Techno Economic Feasibility Study • O & M • Industrial Engineering • Systems & Procedures

SWOT Analysis • Organisational Restructuring • MIS • Takeovers • Business Negotiations • Strategic Planning

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

GUJARAT REFRACTORIES LTD.

We are an existing company in the field of refractories, so crucial for cement, steel and other core sector industries. The plant is at Sanand, Ahmedabad. We are looking for people who have what it takes to take us to new heights... and their own future likewise. The posts:

Chief Executive

Reporting to Corporate Management. You should be an engineering graduate with 5 years experience at the head of a medium-sized organisation. Experience in refractory industry would be an advantage.

You will be responsible for overall profitability and growth and your functions will include plant management, marketing, finance and new projects/expansion.

General Manager (Works)

You should be an engineering graduate with about 5 years experience as in-charge of production in a medium-sized unit, preferably in the refractory industry.

Responsibilities will include production, plant maintenance, quality control, labour management, expansion, material management, new products development and related matters. You will report to the Chief Executive.

Preferred age for both position–35 to 45 years. Good compensation and attractive prospects offered. All applications will be treated in strict confidence.

Please apply to:

Shri A.S. Doshi

GUJARAT REFRACTORIES LTD.,

908-909, Shilp, Navrangpura, Ahmedabad 380 009.

Imageads

This space will cost you only Rs 6000.00

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For details, please contact
The Advertisement Manager (Appointments)
Ananda Bazar Patrika Limited
6, Prafulla Sarkar Street Calcutta 700 001 Tel: 274880/8000
Or call any of our Regional Offices at
Bombay: 240426/0488 • Delhi: 3716305/9078 • Madras: 860713/9379
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Perhaps, you thought MRF was just tyres. There is indeed much more than a Zigma on the MRF horizon. Currently, we are in the process of accelerating our accent on diversification into various consumer and industrial products.

As a leading recognised Trading House, we are gearing up to capture more and more international markets with a wide range of products. To further strengthen our muscle in each field, we need:

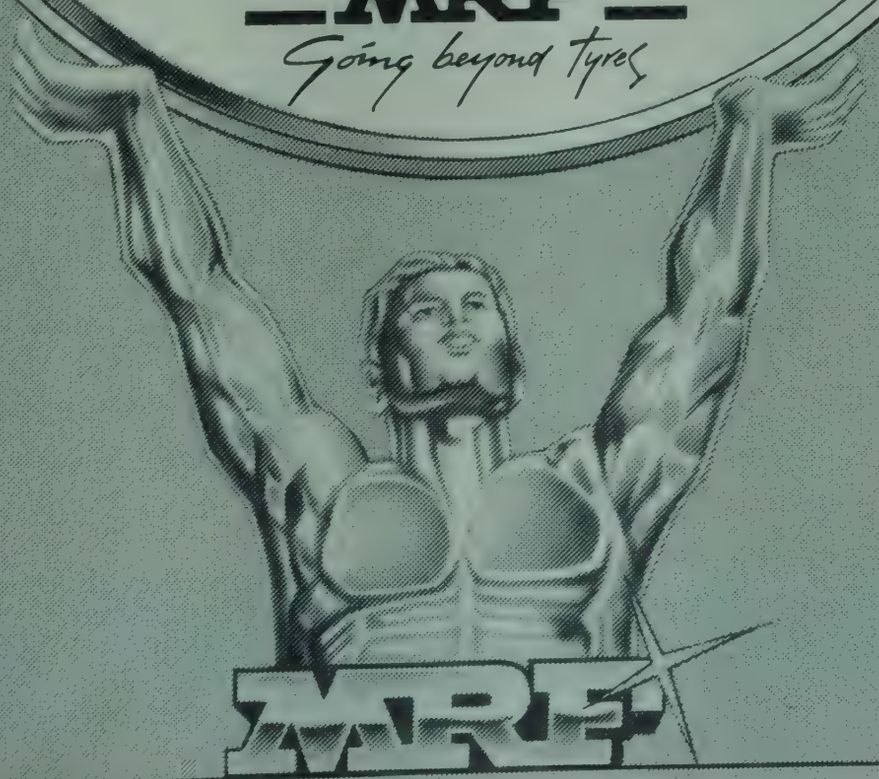
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A dream career for the tough, smart and dedicated with a determination to succeed. Those with selling in their blood, and willing to be posted anywhere, will meet their match in this highly rewarding career at MRF. If you are confident of your strength, write to:

The Director-Human Resources & Services
MRF LIMITED, Tarapore Towers, 826 Anna Salai, MADRAS - 600 002.

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Anugrah 672/91

Bharat Forge

KALYANI

CODE NO : 9107

REQUIRES

MAINTENANCE ENGINEERS

We are a multi-location, multiproduct Engineering Enterprise engaged in the manufacture of steel forgings and precision machined components for varied industrial and defence applications. We employ over 2000 persons with a turnover exceeding 200 crores.

We require Degree/Diploma holders with 3 to 7 years' experience to handle maintenance work in the following areas:-

1. MAINTENANCE ENGINEERS (HYDRAULICS)

The incumbent will be responsible for all hydraulics related maintenance work of sophisticated forging equipments and machine tools. They should have thorough knowledge of hydraulic circuitry, controls and latest technological developments in the field.

2. MAINTENANCE ENGINEERS (FURNACE)

The candidates should be thoroughly conversant with the maintenance and upkeep of oil/gas fired forging furnaces, heat treatment furnaces and utilities. Types of furnaces include Pusher Furnace, Rotary Hearth Furnace, Box Furnace, Continuous Hardening and Tempering Furnace, etc. The candidates will also be responsible for operation and maintenance of LPG Vaporizers.

We offer an attractive emolument package, and excellent growth prospects.

Please apply within 10 days to:

DIVISIONAL MANAGER, PERSONNEL
Bharat Forge Limited
Mundhwa, Pune 411036



91-324

MANIPUR STATE DRUGS AND PHARMACEUTICALS LTD.

JOINT SECTOR

The Company MSDPL is a joint sector company of Hindustan Antibiotics Ltd., Pimpri, Pune, and State Government of Manipur at Imphal. The annual turnover on full capacity utilisation of this unit shall be around Rs. 12 crores. This unit shall initially manufacture various formulations in the dosage forms of tablets, capsules, injectables, liquid orals and dry syrups for human consumption. Subsequently, this unit shall also diversify into the manufacture of Veterinary formulations and Herbal drugs. MSDPL company invites applications for the following position.

COMPANY SECRETARY

One post-General

Scale Rs. 1500-50-1750-60-2353

Age : 35 - 40 years

Job involves setting up of Secretarial Department, assisting the Managing Director and looking after other administrative functions. The position directly reports to Managing Director.

SPECIFICATIONS :

Candidate should be graduate in any discipline and Associate Member of Company Secretary (A.C.S.). Incumbent should have minimum 10 years experience in secretarial functions in an organisation of repute. A degree in law will be preferred.

Other benefits include HRA 7½%, Industrial Dearness Allowance, CPF and Gratuity as per the rules of the Company. At the minimum of the scale the emoluments will be about Rs. 3,500/- per month.

GENERAL

Persons meeting the above specifications may send their applications within 10 days of publication with complete bio-data, a passport size photograph, Indian Postal Order of Rs. 8/- (No IPO for SC/ST canditates) drawn in favour of Manipur State Drugs & Pharmaceuticals Ltd., payable at Pimpri, Penicillin Factory Post Office, Pin code - 411018.

Specifications may be relaxed in deserving cases and SC/ST candidates. Higher start can be considered in deserving cases. Candidates called for interview will be paid to and fro railfare/bus fare by the shortest route. Persons currently working in Public Sector or Government Deptt. should apply through proper channel to :

The Managing Director,
MANIPUR STATE DRUGS & PHARMACEUTICALS LTD.,
Camp : Hindustan Antibiotics Ltd.,
PIMPRI, PUNE - 411018.

CIMMCO SPINNERS LIMITED

SOLAPUR

CIMMCO SPINNERS LIMITED, a Birla company, is setting up a 100% Export Oriented Cotton Yarn manufacturing Unit at SOLAPUR, Maharashtra, Employing State-of-the-Art technology with Plant & Equipment being supplied by leaders in Textile Machine Manufacturing from Switzerland, Germany and India. We wish to recruit the following professionals. who have worked in Textile Industry on similar positions: EITHER SEX.

S. NO.	POST	QUALIFICATION	EXPERIENCE	NO.OF POSTS
1.	MANAGER (PERSONNEL & ADMINISTRATION)	B.A., LL.B (preferably with Dip. in Personnel Mgt. & Indl. Relations)	6-8 yrs.	One
2.	MANAGER (SPINNING)	B. Tech (Textile)	8-10 yrs.	One
3.	MANAGER (FINANCE)	C.A. preferably with C.S.	7 yrs.	One
4.	MANAGER (STORES & PURCHASE)	B.E/DIP. in Material Mgt.	6-8 yrs.	One
5.	COMPANY SECRETARY	C.S.	5 yrs.	One
6.	DY. MANAGER (FINANCE)	C.A.	2-4 yrs.	One
7.	DY. MANAGER (STORES)	M.Com/ B.Com (I Class) or Dip. in Mat. Mgt.	5 yrs.	One
8.	ACCOUNTS OFFICER	C.A. or M.Com	1 yr. 5-7 yrs.	One
9.	COTTON PURCHASE OFFICER	Graduate	8-10 yrs.	One
10.	ASSTT. SPINNING MASTER/ SHIFT INCHARGE	B.Tech (Textile)	2-3 yrs.	Two
11.	PERSONNEL OFFICER	BA, LLB/Dip. in Personnel Mgt. & I.R/MSW	3-4 yrs.	One
12.	LABOUR WELFARE OFFICER	BA, LLB/Dip. in Personnel Mgt. & IR/MSW	3-4 yrs.	One
13.	COMPUTER SUPERVISOR	Graduate/Dip. in Computer Science	4-5 yrs.	One
14.	ENGINEER (MECHANICAL)	B.E(Mechanical)	2-3 yrs.	One
15.	SPINNING SHIFT SUPERVISORS	Dip. in Textiles or B.Tech (Textiles)	4-5 yrs. 1-2 yrs.	Six
16.	SECURITY OFFICER	Retired Army/ Police Officer	8-10 yrs.	One
17.	HEAD TIME KEEPER	Graduate	4-5 yrs	One
18.	ASSISTANTS (SPINNING)	B.Sc or Dip. in Textiles	2-3 yrs.	Six
19.	ASSISTANTS (QUALITY CONTROL)	B.Sc or Dip. in Textiles	2-3 yrs.	Three
20.	ASSISTANTS (DATA OPERATION)	Graduate with exposure of LAN working	2-3 yrs.	Two
21.	STENO/TYPIST/SECRETARY	Graduate	2-3 yrs.	Three
22.	TELEPHONE/TELEX OPERATOR/ RECEPTIONIST	Graduate	3-4 yrs.	One
23.	SHIFT ENGINEER	B.E. (Mechanical)/ B.E. (Electrical)	2-3 yrs.	Three

"ALL THE ABOVE POSTINGS WILL BE AT SOLAPUR, MAHARASHTRA"

Remuneration package for all the above posts will be based on qualification & experience and will not be a limiting factor for the right candidate. Those interested may apply in confidence within 10 days with Bio-Data in detail including present assignment, salary drawn and salary expected to:

GENERAL MANAGER

CIMMCO SPINNERS LTD

PROJECT OFFICE HOTEL PUSHKRAJ NATIONAL HIGHWAY NO. 9 KONDI SOLAPUR 413002 (MAHARASHTRA)
TEL. NO. 0217(28193), TLX-0795-239 FAX-091-217-28724

ACC

India's premier cement company having 11 cement plants, independent Research and Consultancy Directorate and overseas operations. The current annual turnover exceeds Rs. 1000 crores. We have ambitious plans for expansion and modernisation for which we require

MANAGER – MECHANICAL DESIGN

Qualifications: Graduate/post graduate in mechanical engineering

Age: 35-40 years

Experience: Minimum 12 years experience in mechanical design of cement and other mineral processing plants and auxiliaries Should have worked with reputed cement machinery manufacturer or a consultancy firm Candidates must possess requisite knowledge of preparing plant layouts, specification of equipment used in cement and allied industries. He should be well versed with the knowledge of relevant Indian, British and American design standards, codes and guides, use of CAD systems in machinery design, plant layouts and, preparation of manufacturing/fabrication drawings. He should be able to carry out detailed engineering of mechanical equipment based on basic process designs of cement manufacturing plants and bulk material handling systems. Knowledge of computers would be preferable

Responsibility: Selected candidates will join the core group of engineers and contribute in the areas of mechanical design/detailed engineering aspects of consulting activities in areas of cement, refractories, mineral processing and chemicals.

MANAGER – CIVIL DESIGN

Qualifications: Degree in civil engineering from a reputed institution

Age: 35-40 years

Experience: Minimum 12 years in civil engineering design and construction of industrial plants, of which at least 4 years in a senior position. Should have worked with a reputed consulting firm or a civil construction firm.

Responsibility: Will join the core group of civil engineers engaged in the design of plants manufacturing cement, refractories and other related product. Also contribute to the Company's activities in the real estate construction business.

ENGINEER – MECHANICAL

Qualification: A first class degree in mechanical engineering from a reputed institute and flair for design work.

Age: Not more than 28 years

Experience: 3-4 years in a reputed firm engaged in design and fabrication of cement plant related equipments. Should possess high degree of aptitude of innovation in design. Knowledge of use of computers is a must.

Responsibilities: Supplement the process engineering group in mechanical and detailed engineering work in process optimisation, trouble-shooting and design of new systems.

ENGINEER – INSTRUMENTATION

Qualifications: A bachelor's/master's degree in instrument technology or industrial electronics from a reputed institution.

Age: Not more than 32 years

Experience: 5-7 years in design of process instrumentation and control systems. Experience in design and operation of cement plant control systems is preferable, but not essential. Knowledge of computer aided control systems is must

Responsibility: Selection of instrumentation and control systems (both hardware & software) for cement/mineral processing/ chemical plants, trouble-shooting and optimisation of control systems.

Emoluments for all the above posts: Remuneration will be commensurate with qualifications and experience. In addition, the company offers HRA and other perks plus growth opportunities in a challenging professional environment

Interested candidates may apply within ten days giving personal data with details of work experience, present and expected emoluments to the

General Manager – HRD
The Associated Cement Cos Ltd
Cement House, 121, Maharshi Karve Road,
Bombay-400 020.

4/86

SET THE EAST ON FIRE.

TCS

wants

an aggressive,

innovative

professional

to be its

Regional Sales Manager (Products) Eastern Region.

TCS

You start off with an advantage – the advantage of selling the best Indian and International software products. In turn TCS expects you to make significant increase in business all over the Eastern Region. Because TCS has identified software products as a new thrust area. And expects a tenfold increase in its software products turnover in the next 3 years.

You will be working for India's No.1 software company. And have the full support of TCS' Management, Marketing and Software professional set-up. Look at some of the products you will be selling.

International bestsellers

Lotus – the world's most popular spreadsheet software. And Oracle – the world's most widely used relational database management system, among others.

Leading software products in India. From the MASTERKEY range

Business Management Series, the path-setting business software package; Business Manager, the multi-user business software; PRISM, a project planning and monitoring system; and a soon-to-be launched revolutionary business software that will become a legend.

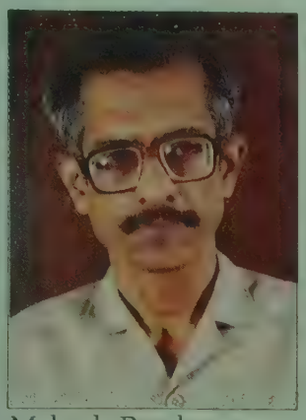
Ready to go?

If you are around 35 years old, have 8-10 years of hard-core selling experience and are ready to blaze a new trail in the East, send your resumé within 10 days, quoting the reference number "RSM-91" on the application and envelope, to:

The Corporate Manager – Personnel
Tata Consultancy Services
Air India Building, Nariman Point
Bombay 400 021



K. Ravi has been promoted as vice-president of Mudra Communications.



U. Mahesh Rao has taken over as managing director of General Insurance Corp.



B.N. Rath has taken over as chairman-cum-managing director of Rashtriya Ispat Nigam.



Lalit Ahuja has joined the Datamatics group of companies as general manager (engineering).



Gero von Goetz has been appointed regional passenger marketing manager of Lufthansa for India, Nepal, Bangladesh and Sri Lanka.



Walter Vieira has been elected vice-chairman of the International Council of Management Consulting Institutes London.



Anand Desai has joined Kotak Mahindra Finance as vice-president.



S. Raghunandhan has joined DHL Worldwide Express as national sales manager.



Dilip Dandekar has been elected president of the Tarapur Industrial Manufacturers' Association (TIMA).



Braj Raj has taken over as general manager (personnel & human resources development) of The Oriental Insurance Co.



Lokesh N. Venulkar has been elected president of the All India Agarbathi Manufacturers' Association (AIAMA).



K. Rajagopalan has joined The Oriental Insurance Co as general manager.

A personable and talented lady (in the old-fashioned sense of the word) who has considerable cause for good cheer, even in these gloomy uncertain times, is Kahini Arte-Merchant (31). Her second exhibition of 23 oil paintings, grouped under the title *Passages* and held at Bombay's refurbished Jehangir Art Gallery in late June, not only attracted widespread media and critical attention, but also sold out completely.

Priced between Rs 10,000 and Rs 28,000, the *Passages* collection consisted of emotive portraits of anonymous people — mainly women — in various moods of contemplation. "The theme of the exhibition was the life cycle — the various seasons in people's lives," says Arte-Merchant who graduated in interior design from the well-known J.J. School of Art, Bombay, in 1979 and "began to paint seriously" in the eighties. Her first exhibition held in Bombay in 1988, consisting of 13 titles, was also a sell-out.

But do her intriguing portraits exude sadness, a malaise, a paradise lost? "The attempt has been to exhibit differing emotions. But I suppose it is true that most of the paintings portray negative emotions such as sadness, unhappiness and loss. This is perhaps because Indian society has more than its share of tragedies and sadness," says Arte-Merchant.

Though her portraits are very Indian or ethnic, they quite obviously denote the global human condition because Arte-Merchant has been invited to exhibit a new collection in Amsterdam in June next year. "Soon I'll begin working on a new collection of a dozen oil and gouache (opaque water colour) paintings for the Amsterdam exhibition," says Arte-Merchant.



THE MERCHANTS: *Art-throbs*

If Arte-Merchant is busy busy, husband Minhaz Merchant (37), the founder editor-publisher of the Sterling group of publications (*Gentleman, TV & Video World, Business Computer, Technocrat* and *GFQ*), is no less, notwithstanding the recent sale of Sterling Publications to press baron Ram Nath Goenka of *Indian Express*. Now a full-time writer, Merchant's 500-page magnum opus *Rajiv Gandhi: The End of a Dream* (Viking/Penguin) is scheduled for release on 9 September.

Moreover, in the works are an economic anthology-cum-treatise *The Sleeping Giant: Unlocking India's Caged Economy*, scheduled for release early next year, a compilation of Merchant's journalistic essays and *White Lies*, a novel which he has just begun. "Things are always on the boil in our household," laughs Merchant whose household also includes son Suhail (7) and daughter Tehzeeb (6).

Time was when members of the legal profession were in the forefront of the freedom struggle and every social reform movement in the country. Not any longer. Somewhere along the way, the black-gown fraternity lost its reformist zeal and idealism to the extent that even its own profession is in a shambles. The law's delay is so endemic as to be outrageous, and quick-fix vigilante justice is increasingly gaining widespread acceptance.



Yet, even within the money-chasers profession into which the legal profession has degenerated, there are some individuals who are swimming against the tide. Colin Gonsalves (39) for example.

Recently, Gonsalves was in the news when he persuaded the Bombay high court to issue an injunction preventing the Andhra state police from arresting a runaway couple from that state for concluding an inter-caste marriage. Shortly before that, he filed a public interest case against a senior inspector of the Bombay police for persistent abuse and torture of women. And late last year, together with some other lawyers and human rights activists, Gonsalves promoted the Human Rights Law Network which takes up cases of torture, atrocities against women, children and tribals, child labour and despoilation of the environment.

"There are two nations within the geographical boundaries of India. One consisting of a rogue middle class which is greedy and rapacious, and 400 million poor and dispossessed who are beyond the pale of India's planning and development efforts. Frustrated with the system, people in this second nation are increasingly resorting to violence to secure their right to a livelihood," says Gonsalves.

A civil engineering graduate of the Indian Institute of Technology (IIT-Bombay), Gonsalves began his career in 1977 building residential homes in Lonavla and Khandala. But in a burst of idealism, in 1980 he quit the building trade and joined hands with militant trade unionist Datta Samant to press for a better deal for the working class. While serving as the secretary of the Maharashtra General Kamgar Union and the Association of Engineering Workers, Gonsalves read law and earned his degree from Bombay University in 1984. Two years later he began to practise law independently specialising in labour law and human rights cases.

"Amnesty International's recent indictment of India's human rights record is an understatement, if anything," says Gonsalves. "India is a very violent nation where torture



GONSALVES: *Lone crusader*

police detention is routine and spect for the rights of the poor is n-existent. There is a crying need re-orient planning priorities by tting down defence expenditure d subsidies on fertiliser, nuclear wer and mega-projects such as e proposed Narmada dam and nalising the savings into primary ucation and health. Unless we do s — and quickly — India will de into lawlessness and anarchy," warns.

"Single and surviving," Gonsalves spends most of his time in his ice in downtown Bombay, nightly ts his weary head in the leafy vironment of the city's upscale labar Hill.

Now as India's long-overdue economic perestroika gets under way, it is beginning to emerge that perhaps the atest failure of the reaucracy-driven, over-centralised nomic development model was neglect of education. Now it is ar that not only did our know-all *a-babu* clique ignore the vital portance of primary education, by destroying the autonomy of versities, it has also nprehensively devalued higher ucation.

Fortunately, a small minority of dicated academicians has waged ely battles all over the country to intain academic standards in the e of the rising tide of intellectual diocrity. One such individual is a Aboody (41), the Bombay based promoter-president of the Commonwealth Education Foundation (CEF). The first educational institution to extensively use computers to test, analyse and identify the strong and weak faculties of students, CEF provides private tuitions to students desirous of writing entrance examinations (Graduate Record Examination — GRE, Graduate Management Admission Test — GMat, Scholastic Aptitude Test — Sat) of foreign — particularly US — universities.

"I am totally unimpressed by the institutions of higher learning in this country, particularly universities. Their faculties tend to lack contemporary knowledge, enthusiasm and up-to-date course material. Rigid government control of the universities has created a stifling atmosphere within them," says Aboody.

Thus when Bombay-born Aboody — a mathematics graduate of the University of Jerusalem and London University — returned to India in 1975, he began conducting tutorial classes shaping students for the entrance examinations of foreign universities. "I find teaching a very emotionally satisfying profession. And I especially like to teach students who want to learn, not time-servers. Therefore, I mainly teach students at the 'plus two' stage, that is for 'A' level and similar examinations. They tend to be more enthusiastic about learning," says Aboody.

And teach them he does with conspicuous success. Thus far all 900 graduates of CEF (which has a faculty of six) have obtained admission to universities overseas, says Aboody. Moreover, the score of CEF graduates in Sat averages 1,330 — "within the top 2% worldwide." And in May last, the 10 CEF students who took Sat registered an average score of 1,380 — "within the top 1% of the 1 million who took the test worldwide," says Aboody with evident satisfaction.

With ambitious plans to introduce videocassette self-instruction courses in electronics, mathematics and economics, Aboody is optimistic about the future. "New technologies have created new media for education. These new media will enable the nation's most talented teachers to communicate directly with students," he says.

A cheerful tennis-playing bachelor, Aboody lives in Bombay's trendy Cuffe Parade area with his mother Eva.

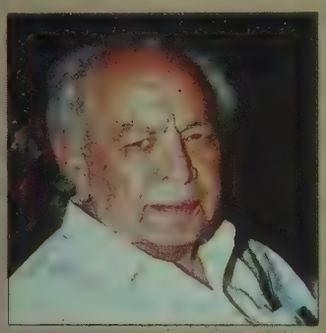


ABOODY: *In a class of his own*

The author is the former editor of Business India, BusinessWorld and Debonair.

WHO PAYS?

For Haldia Petrochem watchers, the on-off signals are bewildering. After an initial period of



SETH: *Who will foot the bill?*

mutual admiration, the relationship between the West Bengal government and Darbari Seth's satrapy within the Tata group seems to have hit reality with a thud. In the aftermath of the devaluation of the rupee, the project costs payable in greenbacks have escalated, rendering earlier projections meaningless.

The question is: who will foot the bill? The state government has no money. The financial institutions are apparently reluctant to keep on increasing their commitments. Getting the Asian Development Bank or the International Finance Corp to pay up is a long shot. And having been made to eat humble pie on the Venezuelan aluminium smelter bid, Darbari Seth is being circumspect with his promises this time.

BIRLA'S FERRUZZI DEAL

This is decidedly S.K. Birla's lucky season with multinationals. Close on the heels of his successful negotiations with Chloride Group for buying out the latter's Asian business interests, Birla has struck a partnership deal with Italy's well-known Ferruzzi group — this time for beefing up his edible oil business in the US.

In a move kept under wraps so far, Birla's Chicago based Universal Edible Oils has signed up with Fort Wayne (Indiana)-headquartered Central Soya — part of the Ferruzzi empire, arguably the biggest foods group in the world — to enable the latter to manage its edible oil processing plant. The deal envisages that Central Soya will also market Universal's products. It is not a secret that performance-wise, Universal Edible Oils has been wilting somewhat in the intensely-competitive US market, so this tieup with a megacorp makes eminent business sense.

Meanwhile, Central Soya has already announced its intention of taking up a 40% stake in Birla's flagship company VXL's new subsidiary Sidharth Soya Products, which will make soya-based edible items and soya meal for exports. Clearly, both parties in the Birla-Ferruzzi partnership are game for a long-term relationship.

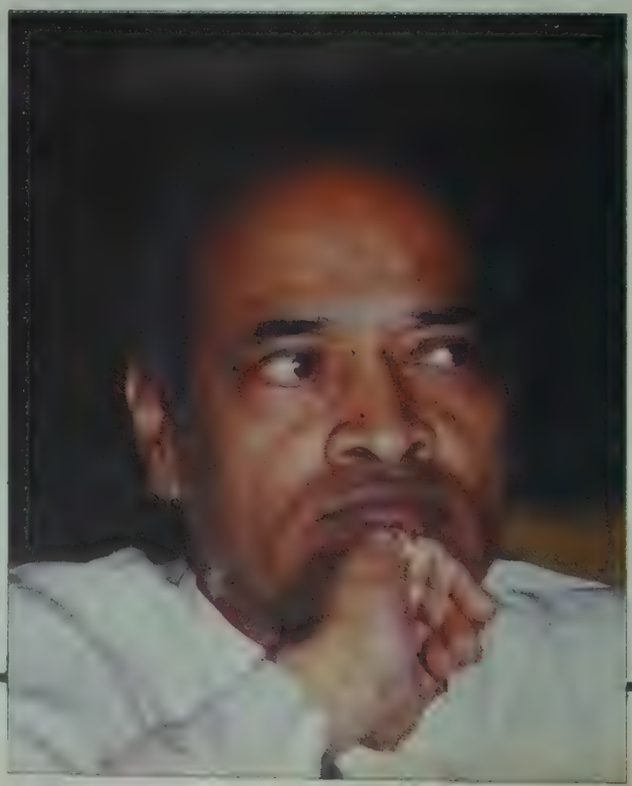
CHASING THE PM

With industry and government often talking the same language — something which has never happened before in the history of independent India — a curious battle of wits is confronting the two apex chambers of commerce — Ficci and Assocham.

Simply put, both want prime minister Narasimha Rao to grace their respective annual general meetings (AGMs), coming up in quick succession shortly. There is no precedent of the prime minister attending both Ficci and Assocham AGMs in the same year, so it is anybody's guess whether Rao will agree to set a new record.

At Ficci, getting Rao as chief guest is a prestige issue for president S.K. Birla. Assocham's patrons like Hari Shankar Singhania and Lalit Mohan Thapar, too, are keen to demonstrate their goal congruence with the new administration. For either chamber, having a lesser functionary like Manmohan Singh, P. Chidambaram or Pranab Mukherjee at the annual meet would be a climbdown. So will Rao be sporting enough to touch both bases?

RAO: *Chamber favourite*



SAILING SOLO

Walking the plank. Several foreign shipping lines have been making their Indian agents do this in recent times. Last month, US big-timer Sea-Land made its intentions of going solo clear by giving Ranadip Shipping the sack. The latest casualty, according to reliable sources, is likely to be Forbes Forbes Campbell (FFC). The grapevine has it that FFC is most likely going to lose the agency arrangement it has with the giant American President Lines (APL). Though APL has been threatening to cut the strings for nearly two years, this time it apparently is going to go ahead. Sources reveal that it is the recent economic changes that have prompted it to do so. In all likelihood, APL is going to set up shop in India on its own.

Meanwhile, FFC has bagged a reportedly "short-term sub-agency arrangement" from Tata Tea Ltd (TTL). TTL was supposed to flag off as Indian agent of NYK of Japan in July, but the company's union has gone up in arms against any new recruitments for the new business. (Last year, another shipping major P&O Containers had dropped TTL as its agent, leading to wide employee discontent in the company) So TTL has turned to FFC for succour.

There's good news in store too. J.M. Baxi's agency arrangement with South Korean line Hanjin, which has been held up in snags, is likely to set sail in August.

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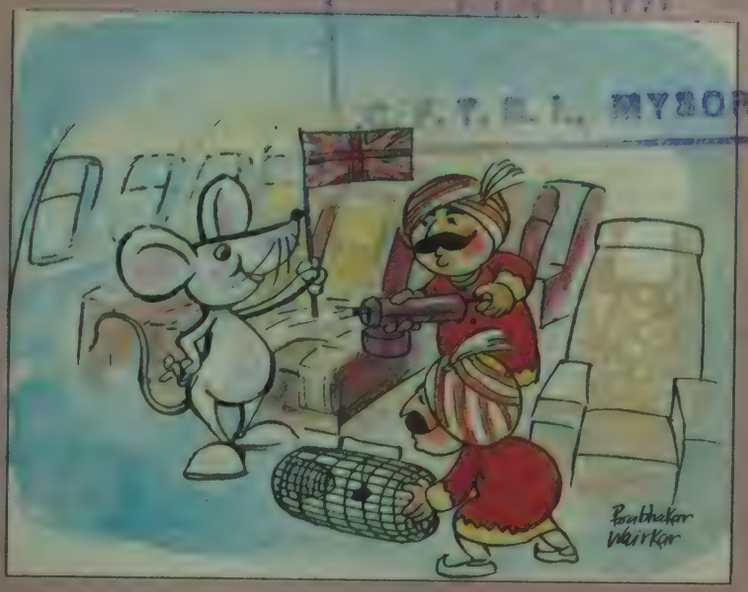
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Nariman Point, Bombay 400 021
Phone: 233193
Circulation/Subscription enquiries
81 Modi Street, 2nd floor,
Fort, Bombay 400 001
Phone: 2610268
Head Office & Regd. Office
Ananda Bazar Patrika Limited
6, Prafulla Sarkar Street, Calcutta 700 001
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Parliament Street,
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Phone: 3710283, 3715346 (Editorial)
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Fleet Street, London EC4
Phone: 01-353-1821
Inland Subscription Rates
One Year: Rs 131
Two Years: Rs 262
Three Years: Rs 393

BusinessWorld does not accept responsibility for returning unsolicited manuscripts and photographs.

Printed by Ranen Chakravarti at Tata Press Ltd, 414, Veer Savarkar Marg, Bombay-400 025 and published by Ranen Chakravarti on behalf of Ananda Bazar Patrika Ltd from 145 Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400 021.

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BUSINESS QUOTES



As it was a European rat, some special material had to be used for fumigation.

An airport official on why it took eight hours for a London-New Delhi flight to be cleared after a rodent was discovered on board, quoted in The Times of India.

I feel as if we in industry/commerce have been liberated.

J.R.D. Tata on the new industrial policy, quoted in Sunday Mid-Day.

(I want to) unleash the animal instincts of the Indian entrepreneur.

Union finance minister Manmohan Singh, quoted in The Sunday Observer.

Yes, if some foreign firm were to acquire 51% in Ballarpur Industries Ltd (Bilt), I would feel threatened. But I don't see how that would happen if I haven't mucked up Bilt.

Bilt chairman L.M. Thapar, quoted in Business Standard.

(Closing down sick units) is like saying that because I am unwell, death is the only option. I don't think in the days of modern science and technology that is an answer at all.

Union minister of state for parliamentary affairs, law, justice & company affairs P.R. Kumaramangalam, quoted in The Telegraph.

Parliamentary life is only the surface of the water in the ocean; below the surface are the activities outside parliament.

Former finance minister Madhu Dandavate, quoted in Sunday Mail.

There is drug money handled by various banks. BCCI (Bank of Credit & Commerce International) is not the only one — it was not even handling 1% of total drug money.

Pakistan finance minister Sartaj Aziz, quoted in Financial Times.

Busine

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MANAGEMENT

TERRORISTS & EXECUTIVES

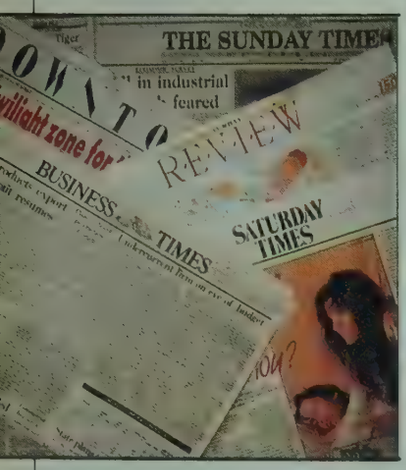
Terrorists are increasingly using managers for target practice. Managements should wake up to this new threat and take protective measures. But it is not something easily done.

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STRATEGY

BRANDING A PAPER

The increased marketing-orientation of the Times of India group



has won it territory in the minds of newspaper readers. How did it go about the exercise and has it been successful?



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BUSINESS FEATURE

CAN THE INFLATION MONSTER BE CHECKED?

Prices are on the gallop. The Congress(I) manifesto had promised to roll them back within 100 days of assuming office. But the finance minister has admitted that it will not be possible. Inflation has already crossed double-digit levels. To what extent is it likely to go? Are the measures the government has taken sufficient to keep it in check?

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CORPORATE INSIGHT

A NATURAL LEADER

ITC-Bhadrachalam Paperboards is one bright spot in an industry which is faring none too well. Under chairman K.L. Chugh, it has a lot of plans to maintain its edge.

THE ITC-BPL PLANT: *Rolling out profits*



But much will depend on the government's policy on plantations.

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ECONOMIC COMMENT

FROM HERE TO PROSPERITY?

The new industrial policy has been more or less well-received by those in business. However, a lot will depend on how keen the government is to fulfil its promises. Past experience on this score has not been particularly encouraging. But, given the crisis facing the country, things may be different this time.

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TRENDS

SURVIVAL OF THE FITTEST

The rules of the infotech business are in for a change. The nineties' decade will see a lot of top players end up as cadavers.

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FIRST PERSON

"WE ARE NOT HERE TO RAPE INDIA"

He's here to "give India a try." PSI-Bull managing director Mark Jennings,



JENNINGS: *Seeing the main chance*

with the Tatas in tow, is aiming to meet the Indian demand for mainframes.

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GUEST COLUMN

LIVEWARE LURES

Body-shopping — liveware export — is not good enough, says DCM Data Products CEO Veer Sagar.

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"WE WANT TO CONSOLIDATE"

The controversial Manu Chhabria always seems to be setting a cat loose amid the pigeons. In this wide-ranging interview, however, he explains that it is now time to consolidate the empire he has built up.

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A MATTER OF QUALITY

Little is known about the south India-based Kwality



Biscuits as it is a regional player. The company is, however, trying to break with the past and make a national push.

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A PATH-BREAKING BUDGET

Tax expert H.P. Ranina evaluates Union finance minister Manmohan Singh's proposals.



CHHABRIA: *Expansive mood*

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IN THE NEWS

SNAPPING IT UP

Webel Video Devices has bagged an export order for TVs and black & white picture tubes which has come as much-needed oxygen for the ailing company. Chairman Aloke Mookherjea is breathing much easier now.

Other In the News items from page 45.

MOOKHERJEA: *Revived by exports*



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VIEWPOINT

"BOOK PARTIAL PROFITS"



KAMPANI: *Bullish, but careful*

And go for cement, tea and shipping scrips besides those of companies which are export-oriented. So says JM Financial Services' Nimesh Kampani.

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INVESTOR CONTEST

The popular *BusinessWorld* Investor Contest is back.

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Absolutely no compromise on quality. Prompt and personalised medicare at affordable prices. Seems the usual hype? Perhaps. But T.V. Rajamani, the newly-appointed managing director of the multi-speciality Mallya Apollo Hospital in Bangalore, appears to mean it.

The 120-bed hospital is not stinting on equipment, staff and backup facilities. Diagnostic facilities in place include a radiology department, a non-invasive cardiology lab and other state-of-the-art equipment. Some 90 consultants from various medical specialities are being empanelled.



RAJAMANI: *Still learning*

Mallya Apollo has just launched a master health check-up plan targeted mainly at executives. A medical insurance scheme with some special features is being worked out.

For Rajamani, who left Hindustan Lever after serving the multinational for 30 years and then spent another 10 in Nigeria setting up and heading a clutch of manufacturing companies for non-resident Indian groups, managing a hospital is a new experience. "I am still learning," says Rajamani. "But my long and varied experience in the corporate sector should serve me in good stead." He will be needing it considering that most hitech hospitals in India are rapidly becoming stretcher cases.

He heads a whale of a company in the US — one which turns out $6.6 billion worth of white goods each year. And his job as chief of Whirlpool sure keeps David R. Whitwam on his toes. For, every three seconds, an appliance made by his company is bought by somebody somewhere in the world.

In India, it's the TVS group which is flogging its washing machines. Says Whitwam: "We think global but act local wherever we go." For India, the joint venture — TVS Whirlpool — has incorporated a stainless steel tub in the washing machines. "Elsewhere, it's made of other materials," says Whitwam. "We've made other adaptations for the Indian market also," he adds. These, he expects, will go some way in giving TVS Whirlpool the edge in a washing machine market which is getting very crowded: aside from players like Videocon, Maharaja and Batliboi, even a foreign major such as Bosch is represented through IFB.

Whirlpool ranks No 3 in the US in washing machines, while it is numero uno worldwide in appliances. With that kind of muscle behind him and the marketing savvy of the TVS group, Whitwam expects to see his Indian partnership make a major splash. Is that washful thinking?

WHITWAM: *Local touch*



It seems that current chairman of the Economic Advisory Council (EAC) Bimal Jalan saw it all coming. Over two years back, when he was India's Washington-based executive director on the board of the International Monetary Fund (IMF), he came face-to-face with the acute economic problems of developing countries who had overborrowed and overstretched themselves and were then coming to the IMF for financial resuscitation. Reminisces Jalan: "At that time, India's economic situation looked relatively calm on the surface. But within the government we knew that the fiscal and balance-of-payments position had to be tackled urgently."

Well, on his part, not surprisingly, he started writing a book. Styled *India's Economic Crisis: The Way Ahead*, it took him nearly two years and has just been completed. As Jalan is reputed to be a consensus economist, his book is expected to give practical answers to some of the economic problems currently facing India.

However, now that the book is over and with a change of government yet again, the question uppermost in everyone's mind is whether Jalan will be shifted from the largely ornamental EAC to a more challenging assignment. That seems a distinct possibility, but Jalan on his part is not answering that one right now.

JALAN: *Seeing the way ahead*



A LONG WAY TO GO

The widespread, fierce debate triggered off late last month by the simultaneous announcements of the Union budget and the new industrial policy continues both in parliament and outside.

This is only to be expected. Change is usually unwelcome and rarely popular. With large swathes of the establishment — politicians, hangers-on, power-brokers, bureaucrats, middlemen — standing to lose their discretion and leverage, it is hardly surprising that the administration's soft, pro-market approach has met with noisome objections.

Yet, anybody not suffering from economic myopia — and/or socialistic dyspepsia, one might add — will concede that the steps taken so far are not enough. They are adequate only in the limited sense that they indicate an initial movement in the right direction. As such, the recent policy moves, in their broadest sense, are appropriate. But if one were to read carefully the fine print, and keep in mind that our knights in shining armour tend to wield rusty scabbards, there really would not be much to go ga-ga about.



Many of the deregulated provisions are riddled with qualifications. In practice, this means that discretionary controls have merely been shifted and not abolished

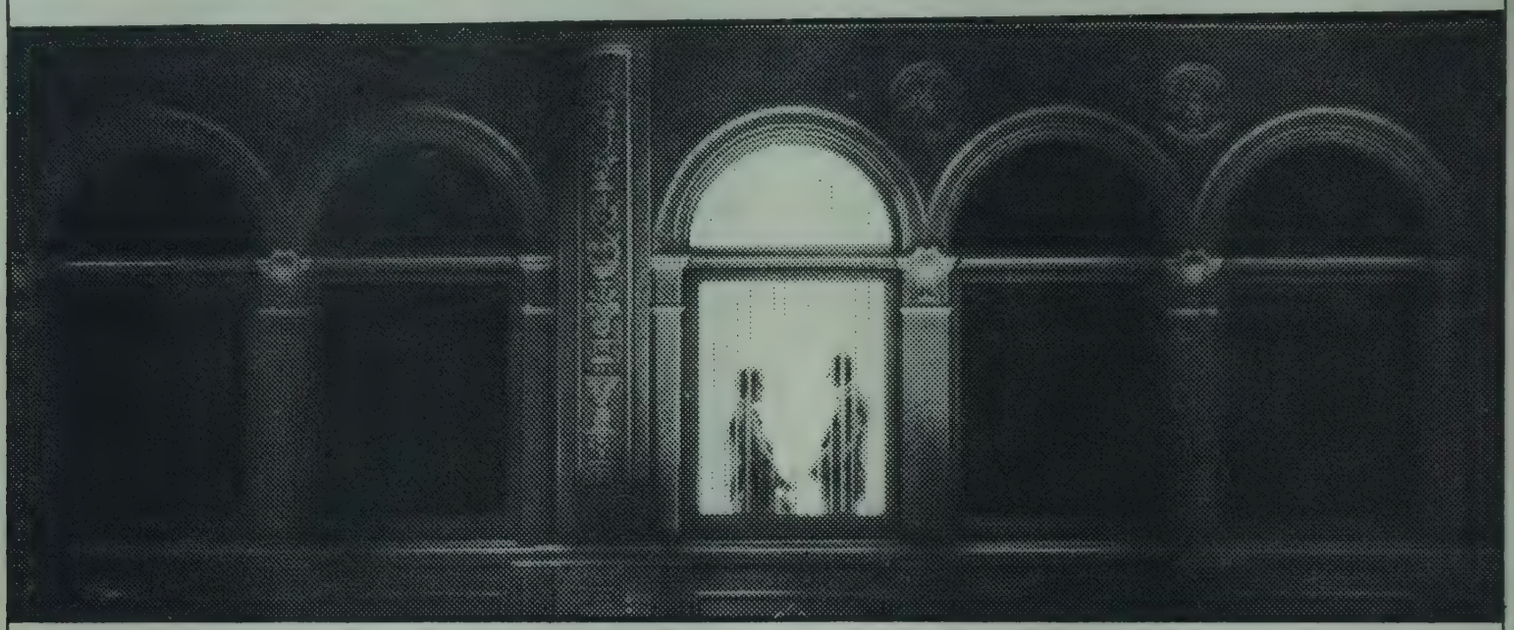
The single-largest impediment is that its lip service to being promoters rather than regulators notwithstanding, New Delhi would rather amend and keep rules than abolish them. The blinkered mindset is apparent if one considers the numerous revised provisions for "automatic licensing" and "automatic approvals." What is the whole point of preserving a *babu*-infested licensing-cum-approvals mechanism if the entire process is going to be automatic anyway?

Again, many of the deregulated provisions are riddled with qualifications: a Rs 2 crore ceiling here, a 5% floor there and so on. In practice, this means that discretionary controls have merely been shifted and not abolished. Affected parties will still have to supplicate before officialdom. These petty riders and corollaries ensure this.

Lamentably, further proof, were any needed, exists that the system remains faithfully preserved in essence despite the tantara of ushering in a brave new dispensation. The government is creating a new post: chief commissioner for non-residents. Only the naive would believe that an unimaginatively designated file-pusher could even inspire overseas residents to keep their funds in this country. If the government wants results, it should appoint a hardnosed foot-soldier as chief marketer to independently chase ambitious investment and deposit targets; not a chief commissioner ensconced in an office amidst bureaucratic trappings.

Clearly, there is still a great deal to learn. And a long way to go.

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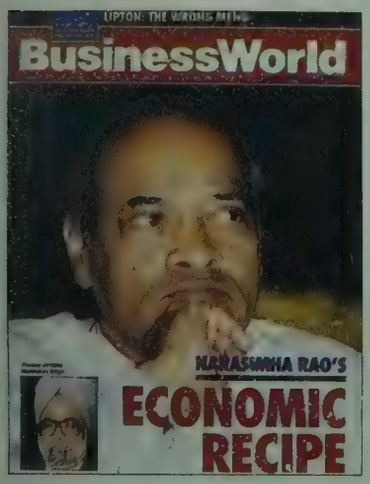
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LETTERS TO THE EDITOR



GLOBALISE OR BUST?

This refers to the Business Feature 'Narasimha Rao's economic recipe' (*BW* 3-16 July 1991). India cannot afford to adopt an ostrich-like attitude and remain isolated. The industrial trend is increasingly moving towards globalisation, with the world becoming a global village. We must take advantage of this trend. We must follow Pakistan's example in opening up our economy.

Anil Shetty
Karnataka

EXCELLENT EDIT!

The Editorial 'Unwise proposal' (*BW* 3-16 July) was timely and excellent. As rightly pointed out, the move to set up a national cable authority needs to be nipped in the bud. Indians also have the right to access information from any part of the world. What moral or legal authority has the government to deny this?

The *babus* of the Central secretariat claim foreign TV programmes will corrupt Indian values. This is an insult to the citizens of this nation. Why must a few *babus* decide on behalf of 85 crore Indians?

Doordarshan has probably the worst programmes in the world. It should learn to compete with foreign TV stations or perish.

Sandeep Batra
Meerut

NO FRIDGES

This refers to the Company News & Events 'A noble rescue' (*BW* 3-16 July). There are certain factual errors in the article which I would like to correct.

- There is no question of Godrej "pumping in Rs 2 crore" into the company. It is simply a merger of Vegoils with Noble Soya with the accompanying cash flows coming into the company.
- It has been mentioned that "other products in the pipeline are convenience foods such as tamarind puree, wheat flour and mixies, fridges and washing machines."

I am afraid this is incorrect. We would like to develop a range of convenience products for which there is an emerging demand from housewives. But we have no plans whatsoever to market wheat flour, refrigerators or washing machines.

S.S. Sami
President & chief executive
Noble Soya House
Bombay

The error is regretted.
— Editor.

OVER-OPTIMISTIC VIEWS?

The Guest Column 'Looking beyond business' (*BW* 3-16 July) by Sanjiv Goenka on the values and social responsibility of business made good reading. I thought our politicians were the only guys who gave sermons from the roof-tops. Kudos to our businessmen, who can squarely outbeat them!

In the same issue, the Business Feature box 'Games businessmen play' was quite revealing. Does it support the utterance of the philosopher A.N. Whitehead ("A great society is a society in which its men of business think greatly of their functions.") which Goenka uses to highlight his over-optimistic views on 'service to society?'

K.C. Shivappa
Bangalore

GREEDY BUSINESSMEN?

Sanjiv Goenka's Guest Column 'Looking beyond business' raises various issues facing the business community such as social responsibility, ethical values and service to society. But in our country we have a creed of businessmen who are only interested in making profits.



GOENKA: *Utopian views?*

A typical example is that of the cement and tyre industries. Firms in these industries have been busy lining their own pockets by raising prices steadily over the past few years.

S. Narayanan
Bombay

SOME HICCUPS

This refers to the Ad & Marketing Special Report 'A diplomatic victory' (*BW* 19 June-2 July). We regret to point out that the information given in the report is inaccurate.

In particular, we refer to the figures on our product Director's Special whisky and our share in the domestic whisky market. The sale of Director's Special has already crossed the million mark. We have another product in the regular whisky range, namely Old Tavern, which is another of our million cases brand. The sales of Director's Special in Bombay city is not 16,000-17,000 cases per month but around twice the figure.

Ashoke Mukherjee
Public relations & media manager
Shaw Wallace & Co
Calcutta

As exact figures are not available about the liquor market, we went by market estimates. — Editor.

CRY IN THE WILDERNESS

The Editorial 'Going against the book' (*BW* 19 June-2 July) is a cry in the wilderness. A government hard-pressed for foreign exchange will find it difficult to release Rs 150 crore or so annually for importing books and periodicals.

Padma Waheed
Haryana

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TERRORISTS AND EXECUTIVES

SHARU S. RANGNEKAR



The spectre of assassination is creeping into the corporate world too. No longer are political personalities the only targets of hired hitmen and terrorists. In recent times, several individuals, perhaps less-known publicly, but equally important in their chosen professions, have been felled by terrorist bullets. Here's a list of corporate victims:

- Industrialist Surrendra Paul — killed in Assam.
- HMT general manager M.L. Khera — assassinated in Kashmir.
- Industrial Development Bank of India (IDBI) senior general manager Gouri Shankar Pandey — killed in a bomb blast in New Delhi.

Then there are scores of others who continue to work for organisations despite the shadow of death lurking over them. Listen to Avon Cycles chairman Hans Raj Pahwa: "You are talking of industry, I am not even certain of my life!" (*India Today*, 30 April 1991). Then, Indian Oil Corp executive director K. Doraiswamy was kidnapped by Kashmiri militants sometime back. At the time of going to press, he was still in captivity.

The basic problem with terrorism is that no one seems to understand it or know how to effectively guard against it. While almost anyone can fall victim to the rising threat of terrorism, businessmen and senior officials — both in the private and public sectors — are more tempting targets.

Terrorists are increasingly marking out businessmen and executives as targets. It is about time some protective measures are taken

This is because they are wealthy, important, influential and newsworthy. And because of a lack of understanding of the threat terrorism poses to them, they are more accessible. Hilal Beg, a terrorist belonging to the Iqwan-ul-Musalmeen group in Jammu & Kashmir, in a recent interview said: "Mushirul Haque and Khera were kidnapped because they had ignored our directive to all government servants to quit (Kashmir)" (*The Times of India*, 30 May 1991).

Moreover, attacks on businessmen/executives help terrorists achieve the twin objectives of obtaining money and equipment for their cause, and expose the government's inability to protect its citizens.

Security experts around the world agree on one thing: the single greatest factor in reducing the risk from terrorist attacks is to take active security precautions. Terrorists generally strike when they feel they can successfully do the job. If executives and their organisations take pride in their professional expertise and organising abilities, they should know that terrorists are no less organised. It is believed that Rajiv Gandhi's assassins conducted a rehearsal of the assassination in a forest to ensure that the exploding bomb caught Gandhi full in the face (*The Times of India*, 2 June 1991).

Terrorists are also always on the lookout for the weak link in the security system. As in the case of Rajiv Gandhi, despite several warnings and past incidents, Gandhi did not take his security seriously and paid for this lapse with his life. Many executives do the same. It is perhaps due to a certain degree of fatalism governing the Indian psyche. This needs to be overcome as the first and foremost measure against terrorism.

Protecting oneself and one's family members is, therefore, the responsibility of executives also. Steps that they can take as preventive and protective measures are covered under these major heads:

- Changing one's perception of life and thinking positively and constructively.
- Understanding the phenomenon of terrorism and the psyche of terrorists.
- Learning about terrorists' perception of business/corporate houses and executives working for them.
- Carrying out a threat assessment for personal and family security.
- Taking necessary measures to protect oneself at the residence, plant/office and in transit.
- Assessing security measures required to protect family members, especially women and children.
- Forming and using crisis-management teams.
- Knowing what to do when the system fails.

It is important that organisations and executives undergo systematic programmes in



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protecting themselves from terrorist attacks. After all, executives are a corporation's assets. This realisation seems to have dawned on IOC following the Doraiswamy kidnapping. It has now taken measures to protect its executives. Among them is the setting up of a task force (to receive and pass on all information regarding the abduction) under the chairmanship of deputy general manager (public relations) D. Bhojwani.

But this is not IOC's first encounter with terrorism. In 1990 an official was kidnapped by the United Liberation Front of Assam (ULFA). If it had learnt from this earlier experience, IOC could perhaps have prevented this incident.

Terrorism succeeds in bringing down productivity and even manages to wipe out the entire business, as one of the major terrorist strategies is to discourage investment in marked areas. According to the president of the Ludhiana Chamber of Industrial & Commercial Undertakings P.D. Sharma, the worst thing that terrorism has done to business in Ludhiana is that it has hampered the circulation of money within the town. A leading publication has stated that Ludhiana hosiery-makers are diverting their investments to nearby districts in the neighbouring states of Himachal Pradesh and Uttar Pradesh.

In India, where the police and other security forces are preoccupied with providing security to a host of VVIPs, the majority of those working in terrorist-infested areas have to either rely on the organisations they are working for or fend for themselves. Sadly, awareness about such responsibility is insignificant though in the West it has already been articulated as 'corporate responsibility against terrorism,' which includes, among others:

- Warning employees about the dangers involved in an assignment.
- Providing employees with proper training and security equipment.
- Delegating powers, especially financial, to personnel working in terrorist-prone areas to implement timely measures in an emergency.
- Providing employees with constant updates on the terrorist situation.
- Developing a crisis-management team within the organisation.

The main problem is that companies are not taking terrorism seriously. An investment in protective measures will ensure better productivity and profits

Despite counter-terrorist measures taken by many multinational organisations, their executives have still fallen to terrorist attacks because they did not take the problem seriously. An investment in protective measures will go a long way in ensuring better productivity, increased profits, an enhanced corporate image and, above all, the running of business itself.

• *The author is a Bombay-based independent consultant.*

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TIEUPS ON OFFER

Water-borne diseases claim a large number of victims each year, especially during the monsoons. American firm Ecomaster has come up with a water-purifying device which could find widespread use in India. Termed the Traveler, it is claimed to eliminate 100% of waterborne bacteria, viruses and parasites.

Designed to fit any tap, this portable system uses a combination of US Environmental Protection Agency-registered Pentapure and granulated activated carbon to remove micro-organisms and contaminants. The company is seeking agents for this product, which is priced at $14.65 (Rs 381).

Contact: David Maples, vice-president (marketing), Ecomaster, Dept CN, 300 S.Owasso Boulevard, St Paul, Minnesota 55117, US. Tel: 612-482-1592. Fax: 612-482-1353.

A French scientist has developed an odontological laser for treating caries which could make dentists' drills redundant. Called the ND-YAG, the system has been developed by Guy Levy, professor in the Marseille Faculty of Dental Surgery. The ND-YAG has three main features:

- It can treat caries by matching the laser-wavelength to the extent of the decay.
- Control the energy in relation to the section through an optical fibre.
- Give the section a healed look.

Furthermore, the ND-YAG does not damage neighbouring tissue during operations. The main advantage of this instrument, which costs Rs 6 lakh, is that it is possible to work with it in the aqueous area of the tooth.

Contact: Endo Technic, 6 traverse des Hussards, 13005 Marseille, France. Tel: 91258585. Telex: 441448 F.

Animal-lovers will love this. French firm Dei Lierra Electronique has developed a robotised, computerised system which can be used to conduct pharmaceutical research without using live animals. The system, termed the IOS (isolated organ system), uses living isolated organ fragments. It offers several advantages, claims the firm. One, a single animal can be used to conduct a large number of experiments. Second, the isolated organ is kept alive to develop a specific reaction without involving the entire animal. IOS keeps the organ alive by managing and oxygenating all essential liquids. At the same time, it uses sensors to measure the forces created by the muscles of the organs being studied or the pressure in the organs themselves. The forces or pressure vary according to the quantity of chemicals present.

A robot ensures the dilution of



the chemicals and the injection of samples into the experimental chambers. The resulting data is digitalised, visualised in real time on a computer screen and a printer and then stored and archived in the unit's memory. These values are then analysed and shown as graphs or curves.

IOS uses a user-friendly, configurable software called Moise that can control and monitor most experiments conducted on isolated organs in the area of biology and pharmacology. Indian firms could approach this company for marketing tieups.

Contact: Dei Lierre Electronique, Rue Edouard Branley, ZI de Mitry-Compans, 77290 Mitry-Mory, France. Tel: (33)(1)64809086. Fax: (33)(1)64274320. Telex: 690348 F.

Waste from hospitals and doctors' clinics is often hazardous and can cause health problems if not properly disposed of. Austrian firm Meteka Medizinalbedarf Entwicklungs Erzeugungs und HandelsgesmbH has developed a multistage system that transforms infectious refuse into harmless household waste.

The heart of the system is a newly-evolved microwave unit which operates on the 'even-heat' principle and guarantees fast and safe sterilisation of medical waste. The technique owes its efficiency to the three-dimensional microwave propagation system employed. Polarised waves enter the waste in three directions from three different sources, each one at right angles to the other. Together with a chamber geared in size to the chosen wavelength, this even-heat technique ensures thorough sterilisation even when the sterilising chamber is full. Indian firms could approach this company for marketing this system in the country.

Contact: Meteka Medizinalbedarf Entwicklungs Erzeugungs und HandelsgesmbH, A 8750 Judenburg, Burggase 108, Austria. Tel: 03572-5166.

American firm Alcoa Separations Technology has introduced an oil and water separator which runs on gravity. Suitable for refineries and aromatic plants, Alcoa's corrugated plate oil/water separator removes free oil from storm water and process waste water.

The system has no moving parts and can handle up to 1,000 parts per million (ppm) of total suspended solids while providing 15 ppm free oil removal. Units are available for flow rates ranging from 15-3,000 gallons per minute.

Contact: Alfred C. Kabana, oil/water equipment & systems manager, Alcoa Separations Technology, Dept CN, 181 Thorn Hill Road, Warrendale, Pennsylvania 15086, US. Tel: 412-772-1279. Telex: 86-6259.

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B.K. Birla
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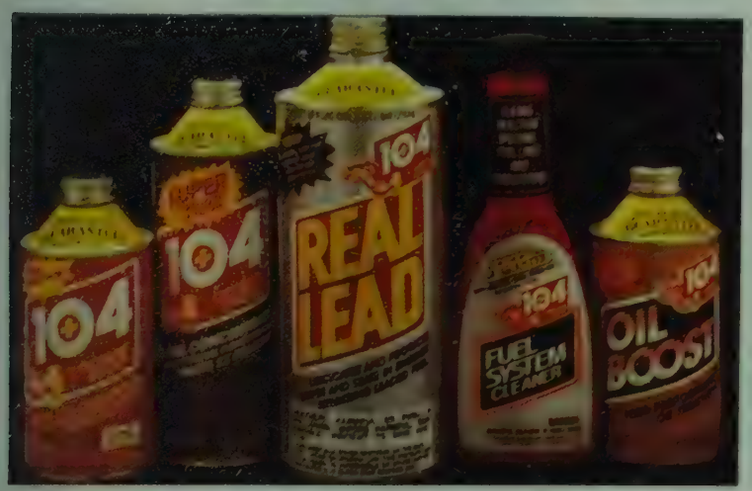
PRODUCTS & PROCESSES

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EFFICIENT FUEL ADDITIVES

The 20% hike in petrol charges introduced in the new budget must be a worrying factor for motorists. Vehicle-owners have been constantly saddled with higher imposts on this count in successive budgets and on other occasions. Attempts at finding an alternative energy source have not made much headway globally. In India, too, efforts have been made to try alternative modes like gas-run automobiles which haven't been that successful.



But now motorists can look forward to a newly-developed additive that will allow them to step on the gas in reckless abandon. Octane Boost of US has come out with a new range of additives that will increase fuel-efficiency. If the company claims are right this may truly be a major boon to automobile-owners. The additives are claimed to improve engine performance by increasing the octane rating of petrol. The company's new range of special fuel concentrates increases horsepower and delivers more kilometres to the litre.

The company also hawks a whole range of products for enhancing the performance of engine oil, lubricating and protecting engine valves and cleaning fuel systems.

HOME FOR PETS

Even pets need a cosy home of their own. And attractive pet homes are needed if the owner intends to keep them within the confines of his house. Unkempt, unimaginative-looking and hard-to-clean cages inside the home can be a source of embarrassment when the guests drop in, not to mention the stench that emanates from within them.

Dogloo of the US has designed a pet home with all these factors in mind. The company has developed a new unique moulded, one-piece pet home that offers superior nitrogen insulation between the thick outer walls, providing excellent protection from temperature extremes. It is easy to clean, free from fleas, durable and maintenance-free. And moreover, it is stylistically designed with a special dome-shaped structure that has made it an instant hot-seller in the US. It is available in a variety of sizes to suit the requirement of any pet.

HOT STUFF

Room heaters are generally regarded as a luxury item in India, unlike in the West. But they have become a necessity in places like Kashmir, Punjab, Delhi and other parts of the country in winter where temperatures dip to alarmingly low levels.

Techno-Therm of the US has introduced the Heatech HT-15 room heater which would find use in these areas. The company says it is the only heater in the world which produces heat in permanently-sealed vacuum chambers. The design is so unique that it has received a warm reception and the company holds over 20 patents worldwide for it. The portable electric HT-15 operates cleanly and efficiently producing no toxic fumes, dangerous flames or odours. It is remarkably accident-free as it doesn't have any red-hot coils or exposed heating elements. The grille and attractive cabinet are only warm to touch, preventing the slightest chance of burns to children or pets. The unit includes three independent devices — a 360° tipover switch, a thermal sensing switch and a pressure relief valve. The heater is thermostatically-controlled and can warm a room much faster than conventional heaters even while consuming less electricity.

PERFECT LENSES?

There is more to it than meets the eye. Contact lenses are the apple of the eye of many users who otherwise have to wear thick spectacle lenses with even thicker frames which can prove uncomfortable and awkward. But contact lenses, which don't conform to the exact contours of the eye, can be more of an irritation.

Fritz Spellitz of Austria, with the help of laser technology, has developed a method which makes it possible to make contact lenses that match the contours of the eye. The company claims that the system uses a 0.5 milliwatt ruby laser beam which carries out range measurements and identifies approximately 20,000 points on the surface of the cornea. A computer program then compiles an exact image of the eye, based on which the lenses are made.

Enquiries should be addressed to:
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• *The author is the editor of* Newventures Digest, *a magazine for entrepreneurs*



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TECHNOLOGY BRIEFS

MOBILE PHONE BOX



Tele Electronics of the UK has come up with a system that allows car owners to make phone calls from their vehicles without having to subscribe to a cellular phone service. (Cellular phones are shortly to be introduced in India in Bombay and Delhi.)

Drivers will be able to stop near a public telephone and, by keying a credit card number into a portable phone, make calls in the comfort and privacy of their own car.

For the scheme to work, however, public phones will have to be fitted with links and transmitters and receivers — similar to those now used in television remote controls and wireless headphones. Drivers will also have to be equipped with a similar transceiver to communicate with the payphone over a distance of several metres.

ELECTRONIC BADGE FOR THE BLIND

A tiny radio badge that works as a third eye? The visually-handicapped in London are testing a device that can home in on ticket machines, entry barriers and cash-dispensing machines. Designed at the GEC-Marconi research centre at Chelmsford in collaboration with Britain's Royal National Institute for the Blind, the system enables users to locate and operate such machines.

The credit card-sized badge uses radio waves to trigger an audio signal or synthesised speech message when the wearer comes within 5 metres of a transmitter mounted beside a machine. A matched antenna and electronic circuits on the badge effectively pulse the return signal to indicate the distance range.

The badge is powered by a lithium battery with a lifespan of up to 10 years. The badge can also be used to change the operating mode of a machine or system from visual to digital.

FERTILISER THAT CLEANS OIL SPILLS

Environment lovers will find this interesting. A simple fertiliser to clean up oil and fuel spills in the Antarctica and prevent long-term ecological damage to the continent has been discovered by Elizabeth Kerry, a Tasmanian microbiologist.

According to her, recent field studies show that fertilisers can be sprayed on oil and fuel spills with dramatic effect. The studies were conducted on small plots of ice-free coastal lands near Davis Base following a major fuel spill of 90,000 litres last year and a smaller leak of 19,000 litres in January this year.

In both cases, most of the fuel, a light distillation known as Antarctic Blend, was pumped back into fuel drums or evaporated. The remainder seeped into the ground. Kerry claims the fertiliser hastened the removal of the hazardous elements of the fuel, promising a more rapid and thorough clean-up of future spills.

FASTEST MICROPROCESSOR

All on a single chip. That's what Intel Corp of US claims its internationally-launched new microprocessor — the i860XP — is. The chip is claimed to be the first in the world to have more than 2 million transistors on it. Based on Intel's 0.8 micron CHMOS IV technology, the 64-bit device has over 2.3 million transistors and provides a peak performance value of 100 million floating point operations per second (Mflops) at 50 mhz.

The i860XP is the only microprocessor available with inherent support for multiprocessing, parallel processing and visualisation. It is ideally suited to meet the complex computing needs of scientific, engineering and graphic applications as well as business applications like financial forecasting and on-line transaction processing.

CERAMIC THREADS

The discovery of high temperature superconductivity has offered a way of transmitting electricity over large distances without loss, using liquid nitrogen to cool the wires. But no one has yet succeeded in building such a power transmission line. Ceramic, too, has superconducting properties but is brittle and difficult to machine.

Work to develop a flexible ceramic thread using powerful laser beams is now being conducted at Moscow State University, the Institute of Problems of Mechanics of the USSR Academy of Sciences and the Moscow Institute of Aircraft Technology. The plastic ceramic threads they have produced can be wound up on a core to produce, for example, a superconducting magnet or a generator.

NEW SOLAR TICKETING MACHINE

Siemens AG of Germany has developed 50 watt, solar-powered, car-parking ticket machines. This means ticketing machines no longer need be wired into the electricity grid and running costs are nil for years. In many cases, lower installation costs will make solar panel units less expensive even in city-centre locations.



The machine has electronic controls and batteries to enable them to operate even under a cloud. The use of photovoltaics ensures that these machines are viable even in areas bereft of sunshine.

USING RECYCLED PVC

A cryogenic grinding process developed by Cryogrind, Australia has enabled ICI to produce bottles for multipurpose applications using Revinyl, a blend of 30% recycled PVC and 70% virgin polymer. The grinding process produces PVC, pure and fine enough to be blended into coloured virgin material without any noticeable visual effects. The process acts selectively on the PVC so that polyethylene terephthalate, paper and other impurities can be separately screened out.

The move is part of the "Vinyl Smile" PVC recycling initiative started by ICI, Australia and supported by the plastics industry of that country. The recycled bottle can be used to package an assortment of non-food products such as household detergents and shampoos.

THIN DIAMOND FILMS

American scientists have developed a new and cheaper method for producing thin diamond films. With diamonds' ability to rapidly conduct and therefore remove heat, it is estimated that a billion transistors can be packed into a 1 cm device. In comparison, a silicon device can hold only about 16 million transistors.

The technique used is pulsed high-power ultraviolet laser to transfer carbon atoms into a continuous diamond film on an inexpensive copper base. Until now, single crystal diamond films could only be made on expensive diamond bases.

TELEVISION ON A WALL



Sharp Corp of Japan is soon to market a thin liquid crystal television screen that can be hung on a wall. About 24 cm diagonally, the set is just 3 cm thick and weighs 1.5 kg.

The screen comprises thin film transistors in each of the more than a million liquid crystal units. The system makes possible colours and images that are sharper than those of conventional liquid crystal screens. Because of its thinness and lightness, the screen can be hung on a wall like a painting.

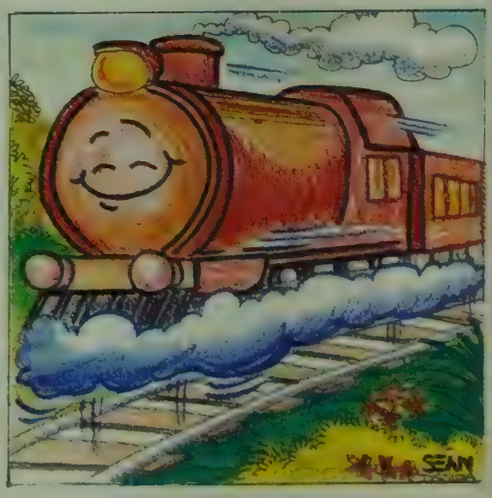
EXPLOSION-WARNING DEVICE

Thornton Research Centre, part of the Anglo-Dutch oil company Shell, is developing a prototype of a detector of flammable gases to prevent fires and explosions on offshore platforms, refineries and coal mines. It works on the same principle as the sonar system by which bats find their way around.

The detector, however, sends beams of infra-red radiation which bounce back to the instrument from a ready-mounted reflector up to a distance of 20 metres. The frequencies are specially selected to correspond with those absorbed by flammable gases such as methane and other hydrocarbons.

The detector is programmed for certain gases when they reach dangerous levels in the atmosphere. It then sounds an alarm so that workers can investigate and evacuate a region, if necessary. The prototype requires virtually no maintenance or cleaning and gives no false alarms.

LIGHTER RAIL BOGIE



British Railways is testing a new bogie that promises to cut down maintenance and running costs through a series of innovative design features.

The bogie was invented by specialist Rail Products Co from Doncaster in northern England. After a six month trial on London's suburban routes, it will be subjected to a further two-and-a-half years testing and evaluation before being offered commercially for worldwide use.

Overall, the design is 30% lighter than conventional bogies and can be fitted to both electric and diesel units. It has fewer and more accessible parts and is expected to run for one million km before needing any major overhaul. The design uses advanced aerodynamic skirting to lessen drag and noise. A newly-developed air suspension unit adds to passenger comfort by reducing vibrations.

OLD CONCRETE FOR ROADS

It had been assumed hitherto that concrete mixed with asphalt obtained from long-used roads cannot be used for road surfacing. The thin layers of asphalt — used to fill out grooves in the roads — were thought to reduce the quality and durability of the concrete surfaces.

Recent research in Austria has found otherwise. Laboratory tests on concrete made with fragmented surfacing from a motorway with old concrete from Vienna have shown that even if the old concrete contains 20% asphalt, its quality is enhanced by the mixture.

All resurfacing in Austria will now make use of concrete which is 30 years old and more. The old concrete will be recycled and used for the new surface.

□ K.A. Neelakantan

The author is a Bombay-based freelance technical journalist

Japanese food major Ajinomoto is threatened by competition.

FEELING THE PINCH

Ajinomoto, Japan's king of food, has fallen on hard times. At home, the growth of its traditional businesses has stagnated, while new ones face intense competition and rising costs. Overseas, it is threatened by aggressive South Korean rivals in sectors where it had grown used to unchallenged leadership.

The Tokyo-based conglomerate, known throughout South-east Asia for its flavour-enhancing monosodium glutamate (MSG), is a leading producer of amino acids. It is also building a growing stake in processed foods, including well-known US and European brands produced overseas under licence or by joint ventures. But success has brought problems of its own.

To maintain its leading position, Ajinomoto has been forced to shave profit margins on food products in order to keep its share of the Japanese market. Critics, meanwhile, say that it is suffering indigestion after expanding into areas which include non-food sectors such as chemicals and pharmaceuticals.

"It wants to be as big as Nestle and Philip Morris eventually, but it lacks a focus in its diversification," one analyst says. Others charge that the group has overstretched itself by buying or setting up too many new companies too quickly.

Declining profits. Pressed on all sides, Ajinomoto has seen its parent-company's operating profit slide for the past six years. Its latest results were the worst in at least a decade: unconsolidated operating profit for the year to 31 March was ¥13.1 billion (Rs 246 crore), a fall of 26% from fiscal 1989.

The decline, sustained despite a continued rise in sales, pushed the parent-company contribution to group results to below 70%, reflecting Ajinomoto's attempts to absorb rising costs without raising prices.

Group operating profit, which includes most of Ajinomoto's domestic subsidiaries but only some of its overseas operations, fell 20% to ¥19.8 billion. Group sales rose 6.3% to ¥541.8 billion. The unconsolidated overseas operations, spread throughout Asia, and as far afield as the US, Brazil and Europe, are generally profitable, according to brokers.



Like most Japanese companies with sizeable financial investments, Ajinomoto was able to rescue its recurring profit — the principal Japanese barometer of corporate performance — by including substantial income from royalties, dividends and trading of securities. As a result, parent-company recurring income fell only 14% to ¥29.1 billion, with investment income contributing 55%, up from 24% a decade ago.

The company remains cash-rich despite the bearish stockmarket because of the ¥194.8 billion worth of corporate bonds it has floated since April 1989. Its short-term borrowings are a mere ¥3-4 billion, while its other long-term borrowings are negligible.

Analysts expect Ajinomoto's results to improve slightly in the next two years, as international prices for certain amino acids pick up. The company would also benefit from lower raw-material costs if the yen retraces some of its recent weakness.

Intense pressure. Ajinomoto's problems are not unique: Japan's long-protected food industry is under intense pressure to rationalise its high-cost production as the domestic market opens up to cheaper imports. Meat packers, dairy-product companies and confectioners were among the first to be hit.

As a general-foods producer, Ajinomoto is feeling the pinch in categories such as soup, coffee and frozen food. Its profit margin on food sales has dropped to 2.6% — closer to the industry norm — from around 3-4% for much of the eighties. Although Ajinomoto has no direct rival in terms of size or business mix, it cannot afford to pass its rising expenses onto consumers for fear of losing marketshare to Japan's thousands of smaller food-makers.

Other Japanese manufacturers have beaten rising costs by sourcing inputs from overseas factories. But food-makers are largely denied this advantage because of Japan's high tariffs on food imports. Ajinomoto's overseas production, in any case, has been mainly in amino acids.

To try to offset the razor-thin profit margins of the food business, Ajinomoto is moving into high-margin, fast-growing sectors such as pharmaceuticals, beverages and meat processing. Last year, it spent ¥20 billion on acquiring 20% of Calpis Food Industry, a long-established but ailing Japanese beverage producer. It also bought 2.5% of Prima Meat Packers, another Japanese company, for ¥4-5 billion.

In the sixties, seasonings accounted for over half of Ajinomoto's sales;

today, the share is 20%. Processed food has the lion's share at 46%. Demand for seasonings and amino acids has stagnated as Japan's population growth slows. Japan's per capita consumption of MSG has remained at 750-755 gm a year since the late eighties. The wholesale price of MSG has meanwhile dropped to ¥360-480 a kg from ¥620-780 in 1983.

At the same time, processed food has become a fast-growing sector because of Japan's quickening pace of life and the rising number of women who work, according to W.I. Carr food analyst Jesus Isidoro Duarte. Frozen food, instant coffee, microwavable packaged food and canned drinks are among Ajinomoto's hit products.

Ajinomoto also faces coming Asian rivals, of which South Korea's MiWon is the fiercest. In Indonesia, for example, Ajinomoto used to dominate the MSG market. Today, a joint Indonesian-Singaporean venture produces as much as Ajinomoto, while MiWon is a close third.

MiWon also competes with Ajinomoto in producing lysine, a high-margin amino acid. The aggressive entry of MiWon into the market brought lysine prices down by as much as 40% last year, says Shuichi Shibanuma, an analyst at Morgan Stanley. Ajinomoto, which accounts for half of the world's lysine production, lost at least ¥2 billion last year because of the price collapse, Shibanuma says.

Ajinomoto has responded by "globalising" further its overseas network of over 70 subsidiaries to achieve efficiencies of scale. Its first European acquisition was of Omnichem Belgium, a chemical firm, in 1989. In April this year, Ajinomoto also bought 75% of British-based Forum (Holdings), which sells and distributes pharmaceuticals, food and feed products. In the same month, Ajinomoto also set up a factory in Iowa to produce up to 20,000 tonnes annually of all kinds of amino acids.

The emphasis of Ajinomoto's expansion in Asia has been on frozen foods, the sector seen as having the most potential in a fast-developing region. In November 1989, it set up a NT$200 million (Rs 20 crore) joint venture in Taiwan to produce and market Western-style frozen foods. And in December 1990, it formed a frozen-food manufacturing and sales subsidiary in Thailand. — *Far Eastern Economic Review.*

The nineties are proving troublesome for Italian businessmen.

SLUMP STRATEGIES

"The party's over," said Giovanni Agnelli, the boss of Fiat, when Iraq invaded Kuwait last year. How right he was. For Italy's industrial leaders, who produced bountiful profits and sales in the late eighties, the nineties are proving more than a little troublesome. Will they be able to manage their way out of the slump?

For Raul Gardini, the former head of Ferruzzi, Italy's big agribusiness and chemicals empire, that question now seems academic. Over the past decade Gardini has been responsible for turning the sleepy Ravenna-based Ferruzzi into the second-largest industrial group in Italy after Fiat. But in June he was ousted from the chairmanship of Serafino Ferruzzi, the group's ultimate holding company, after a bitter family feud.

The problems began last November, when the Ferruzzi family voted to sell the stake held by Montedison, the group's chemicals company, in Enimont, a joint venture with ENI, Italy's giant state-owned holding company. Gardini, who had fought a long and bitter battle with ENI for control of Enimont, resigned in protest from Ferruzzi Finanziaria, the group's industrial holding company.

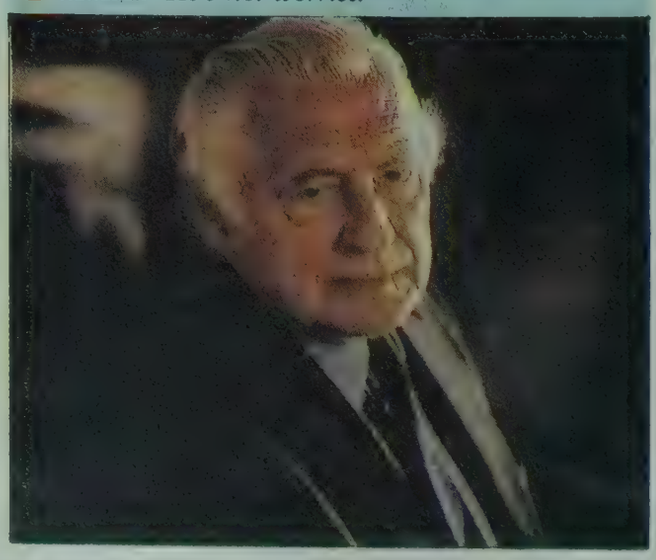
After sulking for a while in California, Gardini returned to Italy and hatched a plan to restructure Ferruzzi's shareholdings which would have given him ultimate control of the group's affairs. But the Ferruzzi family turned out to be no pushover. Though Idina, Gardini's wife and one of the children of Serafino Ferruzzi, the group's founder, stayed loyal, her brother and two sisters organised a coup that forced Gardini out.

Now the Ferruzzi empire has to face the future without the man who masterminded its rapid growth. Given that the group's net profit fell by a fifth last year, to 248 billion lire (Rs 507 crore), that seems a worrying prospect. The firm blames the drop on difficulties at Montedison, the sprawling chemicals company which Gardini had been trying to restructure.

Bankers in Milan, however, say that Gardini's departure does not matter because Giuseppe Garofano, the chief executive of Ferruzzi Finanziaria and a sharp financial brain, has in effect been running the group for a while. Arturo Ferruzzi, the new head of the family holding company (and Idina's brother), seems to agree. He says that he has complete confidence in Ferruzzi's current management and does not intend to change its strategy.

While Ferruzzi's problems are largely in the family, Fiat's are in its car showrooms. In the first four months of the year, the Turin-based firm's share of car sales in Italy dwindled to just under 48%, down from 51% in 1990. The reason: Ford and Renault have pinched some of Fiat's business. That is worrying. If Fiat cannot hold its own against its European rivals then it is certain to get a drubbing once Japanese producers — which are still limited to a trifling 2% share of Italy's market — are allowed to increase their sales.

AGNELLI: *He's not worried*



Optimistic outlook. In public, at least, Agnelli is still optimistic. At the company's annual general meeting last month, he predicted that Fiat would be producing 3.5 million cars a year by the end of the decade (compared with 2.7 million in 1990), and that it would get there without a major merger or joint venture with other car-makers. Just to drive

home this confident message, Fiat left its dividend unchanged — even though its net profit fell by more than 50% last year, to 1.6 trillion lire.

Yet there are signs that all is not well at the firm. Fiat managing director Cesare Romiti has already announced that nearly all of Fiat's assembly lines will be shut for an extended holiday this summer and 50,000 workers will be left twiddling their thumbs.

To cope with this slump, Agnelli has adopted a two-pronged strategy. First, he plans to invest 5 trillion lire a year over the next five years in new Fiat models and plants in both southern Italy (with government aid) and eastern Europe. Fiat's critics, however, charge that Agnelli is wasting time and money in the east. They may have a point. Plans to build a big plant in the Russian town of Elabuga have already been shelved because of the growing economic chaos in the Soviet Union.

Second, Agnelli has taken out a private insurance plan in case Fiat is overrun by the competition. Via the Agnelli family's personal investment company, Ifil, he has built up a vast portfolio of stakes in companies in industries such as food and finance. Even the Fiat group itself has branched out into other businesses such as insurance. As a result, Fiat's dependence on cars is being reduced.

While Fiat has been pouring money into building new car plants and diversifying at the same time, Carlo De Benedetti, the boss of the Milan-based CIR group, has been doing exactly the opposite. Stuck with roughly $1 billion (Rs 2,600 crore) of debt after his failed bid for Belgium's Societe Generale de Belgique (SGB) in 1988, De Benedetti has had to shrink his pan-European financial and industrial empire. Over the past year CIR and its associated holding companies have sold about $1.2 billion of assets, including a 10% stake in SGB, worth FFr 2.1 billion (Rs 1,092 crore), and a 52% stake in Mondadori, an Italian publishing house.

Italy's businessmen are thinking of new strategies to boost sagging sales

So what is De Benedetti's strategy for the nineties? "Today, focusing is the name of the game," he says. That means concentrating on the group's industrial businesses — computing,



GARDINI: *Forced out*

car-parts and food packaging — as well as the newspapers and magazines which CIR kept after dividing Mondadori with Silvio Berlusconi.

Tough task. That leaves De Benedetti with the tough task of steering Olivetti, the Italian computer group in which he has a 42% stake, through the tempest that has hit the industry. True, Olivetti is one of the few European computer firms that stayed in the black last year — it made a profit of 60 billion lire. But with sales down by about 6% in the first half of 1991, it will find it hard to match that performance this year.

An easy way out would be to seek an alliance with a European or American rival, but De Benedetti says he wants Olivetti to remain independent. To boost its sales Olivetti has launched a new range of state-of-the-art laptop and notebook computers. It is also cutting costs. Olivetti plans to shed 7,000 jobs by the end of the year, out of a total of 54,000.

As long as the computer market does not collapse, De Benedetti's determination to go solo with Olivetti may pay off. Agnelli, too, may even find that his long-term bet on eastern Europe is a panacea for Fiat's ills. But if they are wrong, both of them will end up with Gardini in the corporate slow lane. — *The Economist.*

The Malaysian prime minister has a plan for development.

MAHATHIR'S MANIFESTO

Datuk Seri Mahathir Mohamad has taken another big step towards fulfilling his dream of transforming Malaysia into an advanced nation. The prime minister's sixth Malaysia plan, announced on 10 July, details how his administration aims to spend M$104 billion (Rs 96,720 crore) on infrastructure, social development and defence programmes to achieve this goal. Some analysts, however, are standing by to see how these fiscal priorities will be translated into reality.

The sixth Malaysia plan marks an important evolution in the government's strategy towards public spending. It authorises increased expenditure for transport, education, health and defence. The plan also puts private industry on notice that the government will continue to reform the finance sector and pare back its role in the economy by privatising most public-sector industries.

The economic blueprint represents the nuts and bolts of a second outline perspective plan for 1991-2000 unveiled on 17 June. Both measures provide the pragmatic foundation for a new development policy (NDP), which was also mooted in June.

The NDP replaced the new economic policy (NEP), a pioneer outline for national development that ran its course from 1971-90. Like the NEP, the NDP memorialises official thinking on development priorities and the sensitive issue of racial quotas. All these policies are grouped loosely under the banner of what Mahathir calls his 20/20 vision to turn Malaysia into a fully developed nation by 2020.

Reaction to the spending plan has been generally favourable. Foreign minister Datuk Abdullah Ahmad Badawi says it "convinces us further that the objective of the NDP could be accomplished."

But the plan has also drawn criticism. Opposition leader Lim Kit Siang points out the absence of a "mechanism to ensure that the implementation of the policies will not

be faced with deviations, malpractices and corruption." Some analysts also question whether Malaysia's economic performance will be able to sustain the plan's high level of allocations. While the government assumes that export performance and revenue will be adequate for the task, even Mahathir cautions that prudent spending will be essential in seeing that external and public deficits do not go beyond projected limits.

Malaysia's new spending plan envisages an increased outlay on infrastructure, social development and defence programmes

Mahathir also says steps must be taken to diversify sources of revenue. About 30% of all federal funds that will be used to finance the plan are projected to come from petroleum activities, a nagging window of vulnerability because of adverse swings in output and world oil prices. Future efforts to diversify revenue could take the form of a value-added tax on goods and services or a tax on the large number of foreign workers from Indonesia and other South-east Asian countries.

It could take a year or more for the effects of such spending to be felt in the economy, according to analysts, and even then the impact will have to be measured against prevailing trends in the world economy. Despite such uncertainties, few Malaysians appear ready to side against an administration that seeks to create more than 4 lakh factory jobs by 1995 and allocate M$600 million to combat poverty.

Analysts say the spending plan is a public relations victory for Mahathir. With the economy forecast to post a comfortable growth rate at least until the mid-nineties, following an average annual GDP growth of more than 9% from 1988-90, many of the spending targets are likely to be met easily.

Even though the sixth Malaysia plan increases public sector outlays by M$42 billion from the amounts spent under the previous economic outline, its share of GNP will slip to 13% from 14.3%, reflecting the government's softer approach to fostering domestic growth. The total public-sector development allocation of M$104 billion is made up of separate contributions from the federal government, state and local governments, public statutory bodies and non-financial public enterprises. The government has taken a decidedly more passive hand in national development in the plan. This is especially seen in the economic sector, where the total share of federal development funds will drop to M$31.24 billion, or 57% as against 65% in the previous plan.

This trend is underscored further by a decline in federal allocations to former government-run sectors. The communications sector will receive M$73 million from federal sources, down sharply from M$792 million in the previous five-year period. Funding to the energy sector will increase to M$979 million from M$918 million.

But total federal development allocations — not counting spending by state governments and non-financial public enterprises and statutory bodies — are pegged at M$55 billion, up from M$35.3 billion spent in the earlier plan. Nearly M$19 billion of these federal funds will be spent to complete infrastructure projects and development programmes already under way.



MAHATHIR: *Privatisation plans*

Closing the gap. Mahathir's vows to close the infrastructure gap between towns and cities, eradicate poverty and cope with serious manpower shortages have left their mark on other allocations. Federal spending on transport, chiefly in the form of airport, rail and rural road projects, will rise to M$10.76 billion from M$6.82 billion in the previous plan. Commerce and industry, including financing for entrepreneurial projects, will climb to M$5.75 billion from M$3.98 billion.

In addition, spending on education and training will jump to M$8.5 billion from M$5.7 billion, while spending for health programmes will surge to M$2.25 billion from M$931 million. Agriculture and rural development will also receive M$9 billion, up from M$7.3 billion.

But the most noticeable increase in spending is for defence and internal security. The government has earmarked M$6 billion for the armed forces and M$2.4 billion for security, up from M$1.5 billion and M$1.03 billion in the previous plan.

Financial reform is another priority in the sixth Malaysia plan. The plan calls for the creation of a securities commission to oversee the development of the country's capital markets.

Stress on privatisation. The government also appears determined to go ahead with the privatisation of more major companies and services. Mahathir noted on the day he announced the new spending initiative that plans were already under way to privatise the postal services department; Tenaga Nasional Bhd, the former national electricity board; and infrastructure projects such as the Shah Alam highway project outside Kuala Lumpur and the Seremban-Port Dickson highway.

The prime minister also pointed out that Malaysia's economy is in far better shape than it was at the time the fifth Malaysia plan was presented to the public. The country was in the midst of a recession dictated by a fall in world commodity prices, he explained, and "our immediate task then was to quickly turn around the economy and move it back on the path towards growth." Now that this

has been achieved, Mahathir said, he wanted to build "a united, socially-just as well as a progressive and resilient nation." — *Far Eastern Economic Review.*

American co-ops are changing shape.

INVISIBLE GIANTS

Profit used to be a dirty word for America's mostly food-producing co-ops. They preferred euphemisms such as net surplus, net proceeds and net savings. But many co-ops are now as profit-minded as any other business, as they struggle to prosper in a ruthless food market where their competitors include Philip Morris, RJR Nabisco and other vast food conglomerates.

Yet the radical restructuring of the co-ops has gone almost unnoticed. Outside rural areas, co-ops remain all but invisible in the United States. Many of their products are a familiar sight in American kitchens: Carando Prosciutto, Ocean Spray cranberries, Land O'Lakes butter, Gold Kist chicken, Diamond walnuts. But the co-ops themselves are anonymous. City-dwelling Americans continue to mistake even huge co-ops like Farmland Industries of Kansas City and Agway of Syracuse, New York, both with annual sales approaching $4 billion (Rs 10,400 crore), for conventional food firms.

This anonymity has suited the co-ops. In rural areas they are popular institutions. Before the co-ops were founded, farmers recall that it was common for an operator at a grain elevator to demand a bribe to take delivery of a truckload of grain and for railways and barge companies to raise their rates to extortionate levels at harvest time.

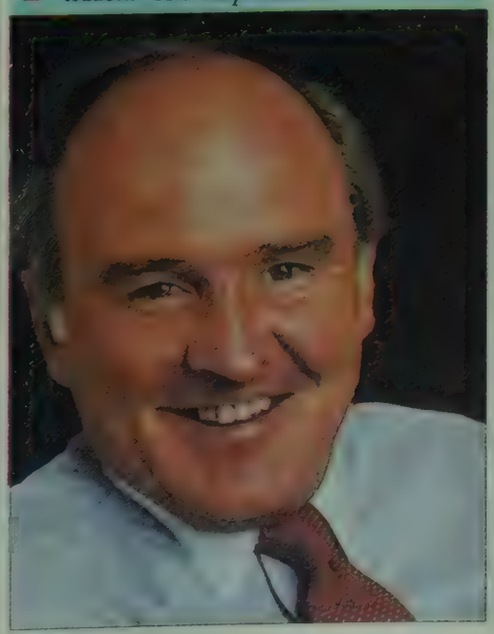
Outside rural areas the image of co-ops is more ambiguous. Market research commissioned recently by Farmland Industries, a supplier to farmers of fuel and fertilisers and a processor of pig meat, confirms the co-ops' gut feeling that many Americans are leery about the very word cooperative. They associate it with organised labour and red radicals spouting un-American ideas. But the Farmland studies also came up with a finding that could offer the co-ops a competitive edge. Americans, it seems, are more enthusiastic than ever about buying from concerns owned by farmers.

To take advantage of this enthusiasm, the co-ops somehow have to develop a split personality. They need to present their food to the public as the produce of independent family farmers struggling to survive in a market dominated by ruthless conglomerates (although this would be a bit misleading, because farm consolidation has created huge agricultural estates and reduced the proportion of Americans earning their living from the land to under 2%). Yet they have also got to become as efficient and competitive-minded as other *Fortune* 500 firms.

Americans are leery about the very word cooperative. They associate it with organised labour and red radicals spouting un-American ideas

To do that, the co-ops are changing shape. Mergers are increasingly common. The co-ops are also entering, albeit hesitantly, into joint ventures with non co-ops. Archer Daniels Midland, America's largest publicly quoted processor of grain and soyabeans, and Growmark, a mid-western co-op, jointly — and successfully — run seven grain terminals on the Illinois and Mississippi rivers.

WELCH: *An inspiration?*



Routine affair. Takeovers by co-ops, once controversial, are now routine. Farmland Industries, which slaughters 5 million pigs a year, recently acquired Carando Classic Italian, the largest supplier of Italian speciality meats in the United States. Carando was previously a division of Di Giorgio Corp. Wisconsin Dairies, a co-op of 5,500 dairy farmers with annual sales of $563 million, acquired Marshall Cheese from the Brost family and a plant in Milan, Wisconsin, from the Kraft subsidiary of Philip Morris. Agway, a farm supply and marketing cooperative owned by 91,000 farmer members, acquired Ohio's Kenworthy Seed of Greenfield and Reading Bone Fertilizer of Pennsylvania.

All this has bred consolidation. In closing dozens of its stores, Agway says the days of an Agway store in every rural area are gone. Farm supplies nowadays are delivered direct from the manufacturer to the farm; the equipment store is bypassed. Ocean Spray, a marketing co-op with a remarkable net profit of $211 million on sales of $942 million last year, sounds just like "Neutron Jack" Welch, the boss of General Electric, when it says in its annual report: "Above all, we must provide superior products and services to our customers by being more responsive and more efficient than our competitors. Our aim is to be the lowest-cost producer in our industry. In brief: we must keep costs down and quality up."

Only one goal continues to elude America's co-ops: multinational operations. It is not for want of trying. They look enviously at the overseas operations of their private sector competitors and realise that their parochialism puts them at a competitive disadvantage. But their efforts to form business alliances with farmers' cooperatives in Europe and Japan have got almost nowhere.

Farmland Industries president Harry Cleberg cites with near despair the "absolutely unnecessary" decision of Zennoh, a large Japanese co-op, to build its own grain elevator in New

Orleans. European co-ops are, he says, no better. They have spent the past 25 years talking to American co-ops about business alliances without coming up with any concrete proposals. Time, perhaps, to give up and start cosying up to Europe's non co-ops instead. — *The Economist.*

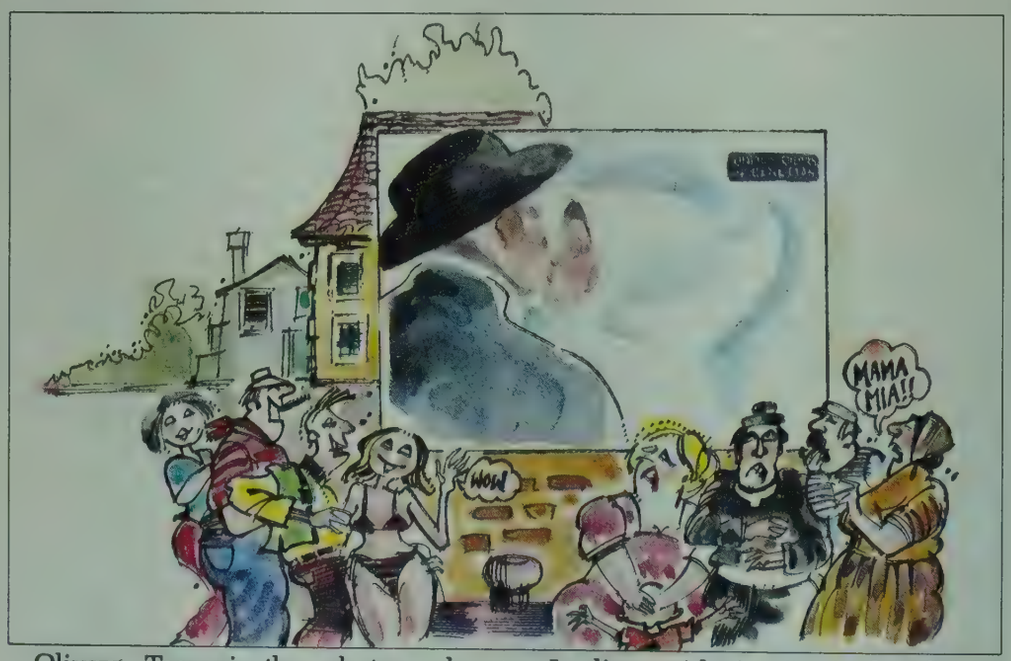
Benetton's ads are generating controversy.

CONFUSING CAMPAIGN

Benetton's colourful jumpers may be soft and woolly, but its advertisements are not. The Italian clothes-maker's autumn 1991 campaign includes an ad picturing a not-so-platonic kiss between a priest and a nun clad in old-fashioned habits. "The affirmation of pure human sentiment," says Benetton. Offensive, say outraged Catholics.

Ticklish business. But the firm is finding that convention-breaking is a ticklish business. Its spring 1991 campaign showed a group of tombstones, one sporting the Jewish star of David, just as the first Iraqi Scud missiles hit Tel Aviv. Accused of exploiting death for commercial purposes, Toscani is this autumn countering with an off-putting (and full-colour) image of a gunk-covered newborn baby. The ad has already been rejected by *Child*, an American child-care magazine.

Benetton reckons its campaigns "address the major social issues of our time including AIDS, overpopulation, environmental problems and racial harmony." Its audience, however, often seems to miss the point. Two years ago a Benetton ad showing a black woman breastfeeding a white child created uproar among American blacks. The company looks set for a repeat performance. One ad in this year's autumn campaign depicts an angelic-looking white child embracing a black one whose hair has been shaped into devil's horns. Black groups are already starting to grumble.



Olivero Toscani, the photographer who dreams up and directs Benetton's advertising campaigns, says that the firm tries to distance its ads from boring old commercial considerations. They aim, says Toscani, to capture people's attention, provoke reflection and "break through the barrier of indifference." As Benetton's sales grew by a healthy 24% in recessionary 1990, to 2.1 trillion lire (Rs 4,420 crore), the ads clearly sell jumpers too.

In line with its "united colours" global philosophy, Benetton shows the same ads around the world. A campaign that backfires in one market often wins awards in others: the white-baby-black-breast ad that shocked America won awards in France and Italy. The missing link in Benetton's advertising policy may well be understanding where different countries' sensitivities lie. — *The Economist.*

NEWS BRIEFS

■ The Soviet Union and the World Bank? Following up on the promises made by the US on membership, the USSR has applied to join the International Monetary Fund (**IMF**) and the **World Bank**. This could well end its more than 40 years of self-imposed economic isolation. Apparently, the IMF and the World Bank are no more tools of the capitalist West.

■ Singapore Airlines (**SIA**) has expressed its desire to the Australian government to acquire a stake in the loss-making state-owned carrier **Qantas**. According to SIA managing director Cheong Choong Kong, the proposed stake would be a strategic investment in view of the importance of Qantas and the Australian market.

■ **Pan Am** may well be history. But a host of airlines is out to grab pieces of the one-time high-flier. Of late, **Delta, United, American** and **TWA** have been vying for the bankrupt airline; with competition for international routes and facilities intensifying, the outcome could well determine the ruler of the world's skies.

■ Procter & Gamble has lowered its purchase price for **Revlon's** Max Factor and Betrix cosmetics units. The price is now $1.06 billion, down about 7% from the original $1.14 billion bid last April.

■ The US-based Cable News Network (**CNN**) is to gradually shift Asia-Pacific broadcasting of its 24-hour news service to a new, more powerful satellite, which will double the power of the CNN signals. While the change will improve viewer reception it, however, makes it easier for non-paying viewers to watch CNN programmes.

InformationWorld



INSIDE

- COMPUTER COS: THE ORDER CHANGETH
- INTERVIEW: MARK JENNINGS
- GUEST COLUMN: VEER SAGAR

The nineties will give birth to a new infotech order.

SURVIVAL OF THE FITTEST

The old order changeth — and fast! The Indian computer industry, dominated in the past decade by a small club of select companies, is on the threshold of a major shake-up that will lead to the formation of a new corporate line-up in the nineties. A number of young, high-growth players are staking their claims to the top slots in the infotech A-team, even as some founder-members begin to drop out of the running. Consider:

■ The big players in the early eighties, when the industry was still in its infancy, included ORG, International Computers Indian Manufacture (ICIM), Electronic Systems Punjab Ltd (ESPL) and DCM Data Products. The mid-eighties saw the rapid rise of HCL, Sterling Computers, Hinditron and CMC, which quickly overtook the pioneers. Today, almost all the majors of the yesteryears suffer financial, technological and marketing ailments — some of which may be incurable.

■ Companies that once cut blazing trails have been reduced to mere shooting stars. Minicomp introduced the first indigenous personal computer (PC), Zenith Computers led the way in local area networks (Lans) and OMC Computers in computer-aided design (Cad) machines. Sterling Computers was tipped, only a few years ago, to wrest the leadership from HCL. All these torchbearers have been overtaken — even lapped — by the likes of Digital Equipment India Ltd (Deil), Modi-Olivetti and Pertech Computers Ltd (PCL) in recent times. Some have lost marketshare, others have seen growth rates slow down to turtle-pace. One or two have actually reported a drop in revenues.



SHAH: *New rules*



SOOTA: *The old order is passe*

■ Even such public sector behemoths as the Electronics Corp of India Ltd (ECIL), ESPL and CMC have hit rough weather. Now that government-buying no longer accounts for an absolute majority of all computer sales, the fortunes of these public sector undertakings (PSUs) have declined. Mainframe-maker ECIL lags behind its two rivals PSI-Bull and ICIM. CMC, which ranks among the top five in turnover, slipped into the red last year.

■ Not very long ago, the only "serious players" in the business were hardware manufacturers. Today, software, peripherals, education and components companies — hitherto the small fry — are the quickest climbers. Outfits like Tata Consultancy Services (TCS), TVS Electronics (TVSE), National Institute of Information Technology (NIIT) and Tandon India are vying for top honours with the best hardware companies in the business.

Clearly, the industry isn't what it used to be. And that is primarily because the market isn't either. Buyers (corporate or individual) are no longer interested in number-crunching machines, or "boxes." Instead, they are finally looking more seriously at what computerisation is all about: the enhancement of productivity.

Salesmen from the old school find it increasingly difficult to convince customers that the fastest computer is always the best investment. Purchasing decisions are influenced, not by megahertz and discounts, but by what the machines can do to the buyers' bottomlines. Old buzzwords like "power" and "speed" have been replaced by a single mantra — solutions. And, logically, the emphasis is slowly shifting towards software. The hardware component of a typical computerisation programme is still considered more important than the

software; but only just.

Says Deil chief operating officer Mike Shah: "The old paradigms have changed." Wipro Information Technology Ltd (WITL) president Ashok Soota is more blunt: "There has been a complete change of the old order." Hewlett Packard (HP) India president Suresh Rajpal believes even more radical changes will follow with "the new industrial policy and the coming of multinational corporations (MNCs) — particularly IBM — in a more forceful way."

The companies that have adjusted quickest to the changes so far are easily identifiable. In a relatively slack 1990-91, when the industry growth rate fell to 26%, only a handful of outfits outstripped the industry average by large margins. On the hardware front, there were PCL, Deil, and Modi-Olivetti. The non-hardware climbers included TCS, Tandon India and TVSE.

That companies with equity participation by MNC giants — Deil and Olivetti — lead the charge against the old order comes as no surprise. Says Deil deputy chairman Hemant Sonawala: "There was never any doubt that we'd do spectacularly well... we've got what it takes."

What it takes is almost unrestricted access to new technology and relevant research & development (R&D), hefty cash inputs and easy software export avenues. Says DCM Data Products chief executive Veer Sagar: "These guys have the edge; no doubt about that."

Not everybody thinks so. WITL's Soota still swears by what he calls a "cafeteria choice" — instead of being tied down to one source for technology, his company will continue to shop for knowhow in the international infotech supermarket. "We'll buy technology the Indian market needs, from whoever has it; we wouldn't have that flexibility if we were tied down to an MNC."

But Soota may be in a minority. As outfits like Deil, Modi-Olivetti, ICIM, PSI-Bull, Tata Unisys, Tata Elexi and HP India hog the limelight, more and more Indian companies are looking at MNCs as prospective partners in equity; not merely technology vendors. Industry-leader HCL has joined hands with HP of the US. PCL is looking for a foreign partner and so, according to the infotech grapevine, is Sterling Computers. And the Tatas are



SRINIVASAN: *No MNC money for TVSE*

believed to be on the verge of a tieup with the biggest MNC of them all — "Big Blue" IBM. Says HCL-HP chairman Shiv S. Nadar: "The companies which have foreign collaborations will be able to emerge as global players."

Even companies that do not have foreign equity participation are keen to strike deals with Indian associates of MNCs. DCM Data Products will market Deil's low-end Unix machines. Explains Sagar: "They (the MNCs) may have the latest in technology, but they're not familiar with the Indian market. That's our strength — we have sales networks and we've been in the business for years... we know what the customers want." HP India's Rajpal agrees. "In HCL-HP, the MNC won't mess around with marketing — that's HCL's forte." It helps that the Indian market is slowly, but surely, beginning to mirror international trends. This adds to the MNCs' advantage; companies like HP and Digital Equipment Corp (DEC) have been selling solutions worldwide for some years now and should have no trouble coping with the growing demand for solutions in India — with a little help from their local partners, of course.

In addition to the knowhow, the MNCs also bring in the money required to invest in manufacturing machinery. In an industry where every advance in technology becomes obsolete within a couple of years, large investments in capital goods are inevitable. Deil, for instance, spent Rs 42 crore on its plant and machinery — and that, by infotech industry standards, is a huge investment. Very few Indian companies can afford to cough up that kind of money on their own. Nor can they expect to raise much cash from the stockmarkets or banks; computer companies are considered fairly risky by most investors. Unless, of course, they have equity participation by foreign majors.

Small wonder, then, that Rajpal predicts confidently: "DEC, HP and IBM will be the top three in India in the nineties." Not too many industry-watchers disagree. The track record of the MNCs leaves little room for doubt. Deil, just two years old, has already captured a 50% share (in value terms) of the superminicomputers market. PSI-Bull, recently revived by cash injections from Groupe Bull of France, also has a 50% slice of the mainframe market, with ICIM not very far behind. Modi-Olivetti, another recent startup, is already a major player in the PC segment, charging — and getting — prices between 30% and 60% higher than the competition (the Olivetti name accounts for a good part of the premia). And this is at a time when margins on PCs have been squeezed to a point where the business doesn't seem economically viable any more.

Apart from their labels, the MNCs also enjoy a good reputation for quality products and support services. As major corporate users take stock of

KURUVILLA: *Niche-marketing is a tough business*



PROOF OF THE PUDDING

The new order in the information technology industry is clearly reflected in the *Computers & Communications* (*C&C*) "Premier 200" rankings. Consider:

- Most of the Top Ten companies are 'New Order' outfits — Pertech Computers Ltd (PCL), TCS, Digital Equipment India Ltd (Deil), Modi-Olivetti and TVS Electronics.
- WITL, although an old company, has made it to the top of the heap, but a lot of the traditional heavyweights are pretty low down on the list. Pioneers like CMC and Hinditron don't even find a place in the Elite 30 list.

The emphasis has shifted from quantity (or revenues) to quality. *C&C* studied 225 infotech companies before arriving at an overview of the emerging 'New Order.'

Five of the magazine's 10 parameters are tangible; the rest involve quantifying perceptions. The first set of parameters is straightforward: it deals with sales during 1988-89, growth over the past year, market penetration, geographical spread and exports. The second set has a subjective element since it involves assessing a company's worth in terms of its range of products and services, marketing clout, technological and other innovations, general financial health and image and credibility.

Companies were first ranked on each of the 10 parameters and these ranks were then multiplied by a weighted score to determine the final score. The final scores for each of the companies were then added again to arrive at a total point value, which the magazine has called "the *C&C* corporate index." The lower the index, the higher the final ranking.

THE NEW ELITE

Rank	Company	Rank	Company	Rank	Company
1	Wipro Infotech	11	NIIT	21	Nelco
2	Pertech Computers	12	Sterling Computers	21	L&T
3	TCS	13	ECIL	23	PCS Data General
4	Digital Equipment India	14	Blue Star	24	Aurelec DP
5	HCL	14	OMC	25	Datamatics
6	ICIM	16	Wipro Systems	26	Elec Systems Punjab
7	TVS Electronics	17	PSI	27	Apple Industries
8	Modi - Olivetti	18	Infosys Consultants	28	Minicomp
9	Tata Unisys	18	Godrej & Boyce	29	Unicorp Computers
10	DCM Data Pro	20	CMS Computers	30	Sonata

their computerisation efforts and go in for computer-productivity audits, the MNCs are likely to cash in on these attributes. After all, their machines have stood the test of more stringent audits in the US and Europe.

Unlike hardware manufacturers, software, education and peripherals companies don't have much to fear from the multinationals. Says TCS vice-president Nirmal Jain: "Software has to be tailored to suit its market. And the Indian market is very different from those in the West." Indian accounting norms, for example, differ substantially from those prevailing in the US. So an American accounting software package will be largely irrelevant in this country. Packages like WordStar, dBase III and Windows may be popular in India, but software MNCs like Microsoft can't hope to make much money here. Not until the government comes down heavily on pirates — and that isn't likely to happen soon. Nor are the MNCs likely to take up labour-intensive, turnkey software jobs; Indian companies have proved that they are among the best customised software developers in the world.

Companies like NIIT, Apple and ICS won't have much competition from MNCs either. No foreign company has so far shown any serious interest in the computer education and training business.

As for peripherals, while HP is likely to corner the market for laser printers, companies like TVSE have got by with technical collaborations with international giants — and may continue to do so. TVSE managing director Gopal Srinivasan says his technical collaborator, Citizen of Japan, does not insist on equity participation. And vice-president V.A. Raghu is confident the company will continue to excel without MNC money. Says he: "It's the non-hardware areas that are seeing most of the growth and profitability these days."

SURVIVAL STRATEGIES

So, are hardware companies without MNC connections doomed to end up in the Board for Industrial & Financial Reconstruction (BIFR) dustbin? Not necessarily; but they'll certainly be climbing uphill from here on. Says Infosys Consultants deputy managing director Nandan Nilekani: "It will be increasingly difficult for Indian companies to survive."

Deil's Soota is more optimistic: "Companies like WITL and DCM needn't go in for equity ventures with MNCs. They can continue to buy knowhow from different sources and integrate these for Indian customers." The systems integration market, he believes, will expand fast enough to keep the likes of WITL high up in the rankings for many years to come. DCM's Sagar agrees, but warns that an Indian company can stand up to MNCs only if it can deliver quality and the latest technology. "If you're not state-of-the-art, you're dead," he adds.

To survive, then, Indian companies will have to plough back profits into the purchase of technology, at the same time retaining their R&D facilities to make foreign technology relevant to domestic market conditions. The trouble is few companies make profits worth writing home about. And as the MNCs spread tentacles, the intense competition will probably reduce margins further.

Some industry experts believe the future could lie in niche-marketing. But this is easier said than done. Says WITL vice-president (marketing) Anal Jain: "Niche-marketing isn't as simple as it sounds." For a start, those who have tried it (Zenith, Minicomp and OMC) haven't exactly notched up spectacular successes. And then, few chief executives understand what

niche-marketing is all about; the mindset of the industry is still tuned in on mass marketing. Besides, it is difficult to find the right kind of manpower to address a particular segment. Says computer industry pundit Abraham Kuruvilla: "Niche-marketing has been tried before, but none of the companies concerned was able to induct an adequate number of specialists to attack a specialised market." A PC sales and service team obviously cannot address sophisticated Cad/Cam (computer-aided manufacture) niches.

Nonetheless, Sonawala feels there's enough demand for all sorts of solutions to keep the MNCs and the Indian companies in good spirits. "No single company — not even a giant MNC like DEC — can provide total solutions. There will always be room for specialists." He points to WITL's efforts in medical systems as a sign of things to come.

There isn't hope for PC manufacturers like Sterling and Essen. The PC market has shown signs of stagnation of late, but that's probably a temporary phase. Thousands of small- and medium-sized businesses don't own a computer. And Modi-Olivetti's success proves that the PC business can be profitable, provided vendors can supply reliable machines and assure customers of good support. Says Modi-Olivetti vice-president Sashi Ullal: "The market wants quality and good customer service." The days are over when a PC-maker could dump his machines on a buyer and forget all about it. Says HP India's Rajpal: "The customers have realised that they've been led up the garden path." And they're not about to let that happen again. Buyers, particularly small businessmen, will choose machines that break down less often, from companies which will guarantee quick repairs.

By all accounts, 'solutions' will remain the infotech buzzword throughout the nineties and beyond. And the catchphrase will be 'open systems' — machines that can "talk" to each other across networks and that can be upgraded as and when new technology comes along, from whatever source. Companies that can deliver such systems, on their own or through alliances, will survive; those that can't, won't.

A lot of corporate planners already understand that. Which is why the industry has seen a spate of strategic alliances being struck in recent months. Modi-Olivetti has signed a deal with Deil that allows both companies to offer each other's products to customers, as part of a solutions package. Deil has decided to let its Indian parent, Hinditron, and DCM Data Products market its Unix systems. Says DCM's Sagar: "I'll be happy to strike more such deals — with anybody." Industry experts say alignments are inevitable; they're happening all over the world. If IBM and Apple, sworn enemies for a decade, can think in terms of an alliance, there's no reason why HCL-HP and WITL can't do the same, if necessary.

There has been a rash of alliances in the software segment too. Hewlett Packard Software (India) Operations now has developmental arrangements with TCS, Wipro Systems and Blue Star. TCS has an alliance with Deil too. Says TCS' Jain: "You'll see a lot of agreements signed between hardware companies and software houses in the future." It's not hard to see why. All these alliances are aimed at solutions; and solutions are driven by software. By and by, peripherals companies should also get onto the bandwagon — no solutions package is complete without printers, floppy disks, uninterrupted power supply (UPS) systems and the like.

And finally, there's financial strategy. HCL has proved (if proof were necessary) that growth in revenues cannot insulate a company from hard times. CMC was the second-biggest computer company last year and one of the few PSUs that consistently posted profits; but its balance-sheet for 1990-91 is stained with red ink. Kuruvilla believes it's time companies took a closer look at their finances. "Financial restructuring will be one of the keys to success in the nineties."

Says TVSE's Srinivasan: "An industry that is used to 50-60% growth rates sometimes tends to forget about such things as high overheads." In the eighties, WITL was probably the only infotech company that could be described as financially conservative. This is one of the reasons why this 'old order' outfit, without foreign equity partners, has consistently remained a major force in the market. WITL's Jain says that the company's "tight money management" has seen it through rough times. Others are beginning to follow this example. Says Modi-Olivetti's Ullal: "Now, at last, people are taking a closer look at their bottomlines."

Quality products, state-of-the-art technology, good support services, solutions-selling, strategic alliances and financial soundness. In the end, these are the attributes that will fashion the New Indian Infotech Order.

□ George Skaria & Aparisim Ghosh

(FROM L TO R) RAJPAL, JAIN & NADAR: *Gearing up for the challenges ahead*



Only those computer companies which can deliver 'solutions' will survive the nineties



WHERE FLOWERS BLOOM

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GOING FROM ROOF TO ROOF.

R K SWAMY/BBDO EHIL 6291

"WE ARE NOT HERE TO RAPE INDIA"

PSI Data Systems' is the most spectacular turnaround story of the information technology industry. And now that the Tatas have acquired a 10.47% stake in the Bangalore-based company (rechristened PSI-Bull India), its competitors are bracing themselves for some aggressive moving and shaking by the mainframe-maker.

Managing director Mark Jennings (42), never one to bar any holds, shared with BusinessWorld *his forthright views on the company, the industry and government policy. Excerpts:*

■ On the Tata stake.

As I see it, it's purely a financial investment. There's no secret agenda, no master plan. They (the Tatas) see rich potential in PSI-Bull. It's certainly a reassuring investment from our point of view.

But I daresay Rs 2.88 crore is a cheap price to pay for entry into the high-end of the infotech business — an almost virgin field in India.

■ On PSI-Bull's performance in 1990-91.

We had targeted a turnover of Rs 24.87 crore and an operating profit of Rs 3.65 crore. We didn't get there; turnover was Rs 22.77 crore and operating profit came to Rs 54 lakh. All the same, given the circumstances (it was a bad year for the industry in general), the performance was... well... okay. This year we expect a turnover of Rs 30 crore and operating profit in the region of Rs 30-40 lakh.

■ On the company's showing in the mainframe segment.

We sold eight machines last year — twice the number sold by our rivals, ICIM and ECIL. We have a 50% share of the Indian mainframe market, and 80% of the banking sector. Mainframes contributed Rs 11.82 crore to turnover. Our attempt was to balance the foreign exchange outgo in manufacturing mainframes by forex earnings from software exports. In fact, we are a net forex earner.

Today, we are the country's fifth-largest software exporter and only the second private company to be accorded the status of a 'technology park.' We'd like to be number three. Our exports could rise to over Rs 12 crore this year (up from Rs 8.83 crore in 1990-91).

Right now, 85-90% of our exports are to Groupe Bull, although we have been active in four countries. Of course, we'd like to reduce our dependence on Bull.

■ On the mainframe market.

It hasn't matured as yet. In India, there are some 200 mainframes in place. Around 15-20 are sold every year. That's a pretty insignificant number. In Brazil, for instance, anywhere between 300 and 400 mainframes are sold every year.

The problem is, in India, you started with PCs and gradually moved upwards. In every other country — China and the USSR included — it was the other way round. So, the culture here in India is different. And that certainly handicaps companies like ours.



■ On PSI's strengths and weaknesses.

Our strength is our people. As for weaknesses, well, there's the inconsistency in the manner in which the company presented itself in the marketplace. At one time, it was vending PCs... then Unix minis... then it got into telecom projects... then mainframes... finally ending up bankrupt! Now, it's back to mainframes again.

This is a definite handicap. You cannot re-write a company's reputation overnight, as it were. But we're working at it...

■ On PSI-Bull's mainframe strategy.

I must confess that mainframe manufacturers—including PSI-Bull—have merely been shipping boxes... expensive boxes... with limited value-addition around them. A mainframe supplier should be able to handle turnkey projects, complete with customised software. It should provide access to the latest in technology and should stand by its customers when they have problems on hand. It's not just a question of hardware and software.

At PSI, now that Bull is in control, we're trying to move in that direction.

■ On the department of electronics' (DoE's) controversial contract for import of IBM mainframes.

Look, between the three of us (PSI-Bull, ICIM and ECIL), we are quite capable of addressing the Indian demand for mainframes. We (Bull) are not here to rape India. We have invested money (40% of the company's Rs 27.5 crore equity base), put up a manufacturing facility and are training people. Not many foreign companies are willing to give India a try. That way, we are one of the few exceptions. And we expected the government to be supportive.

But what does the DoE do? It signs a contract with IBM — worth between Rs 9 crore and Rs 11 crore, I understand — for supply of one mainframe, three Unix systems and some PCs. The tender was decided in five days!

IBM has not invested a paisa in this country and has given no undertaking (as part of the contract) in terms of software and training. If this is the way the government of India acts, companies like ours will think twice before committing further investments.

STARTING FROM BASICS

Nobody's come out with a comprehensive survey on computer usage as yet. Still, we'll stick our necks out to wager that 80% of those who've got PCs in their offices don't venture beyond simple word-processing. Most of the rest dabble in elementary spreadsheets and databases. We'll bet, too, that 90% of the PCs that sit atop executives' tables across the country are in actual use for less than ten hours an average work-week — unless, of course, you count the time spent on Pacman and assorted computer games!

Computers frighten people. We won't go into the reasons here; there are far too many. Today's professionals have learned to live with PCs, but only to the extent that the sleek machines form part of the office decor. The typical executive is still a long way from accepting his PC as a tool that can increase his productivity. Physically, he may be only inches away from his machine, but the distance between them is unfathomable.

PC Primer represents our attempt at bridging that gap. We're convinced that Indian industry won't come up to international standards until its executives begin to exploit their PCs to full capacity. So we'll tell you how to go about it, step by step. But before that, the first few articles in this series will deal with general PC-related matters that we feel you should look into.

Our experts will be happy to answer any questions/doubts that bother you, so feel free to write in.

The best way to assess your computer's utility is to compare the way you get work done *without* your PC with what you can do *with* its help.

But, to start with, you'll have to stop treating those gizmos merely as boxes that run specific software packages to allow you some functionality. Instead, look at them as machines which search and find important information and perform repetitive jobs at incomprehensible speeds — without complaining about boredom, demanding raises and a bonus. Once you've defined your information needs and repetitive jobs, you can find ways of getting your PC to perform these functions; and, mind you, it is capable of performing virtually all of them.

Now, let's take a look at some simple situations, see how you deal with them currently, and how you can do so by using your PC.

CASE I

■ *You need to produce a report in December 1991 on the market scenario for a product you handle.*

The modus operandi sans computer:

Last month, you had come across a report on the impact of the budget. This was put into a file. Information on your competitors' activities is stored in separate files, as are reports on the sales trends for the first two quarters. So far, so good.

Now, when you're ready to work on that report, you'll pull out all these files, go through all the reports and identify those portions which are relevant to your report.

When you've written out the report, you'll give it to your secretary for typing. Let's assume, safely, that your 15-page report contains eight pages of segments from the files.

A draft of the entire report will be typed out, corrections made and a final report generated; the entire process can easily take a week.

What your PC can do:

The simplest of PC systems can store more than 8,000 pages of live, accessible information. So, goodbye filing cabinet and bulky folders.

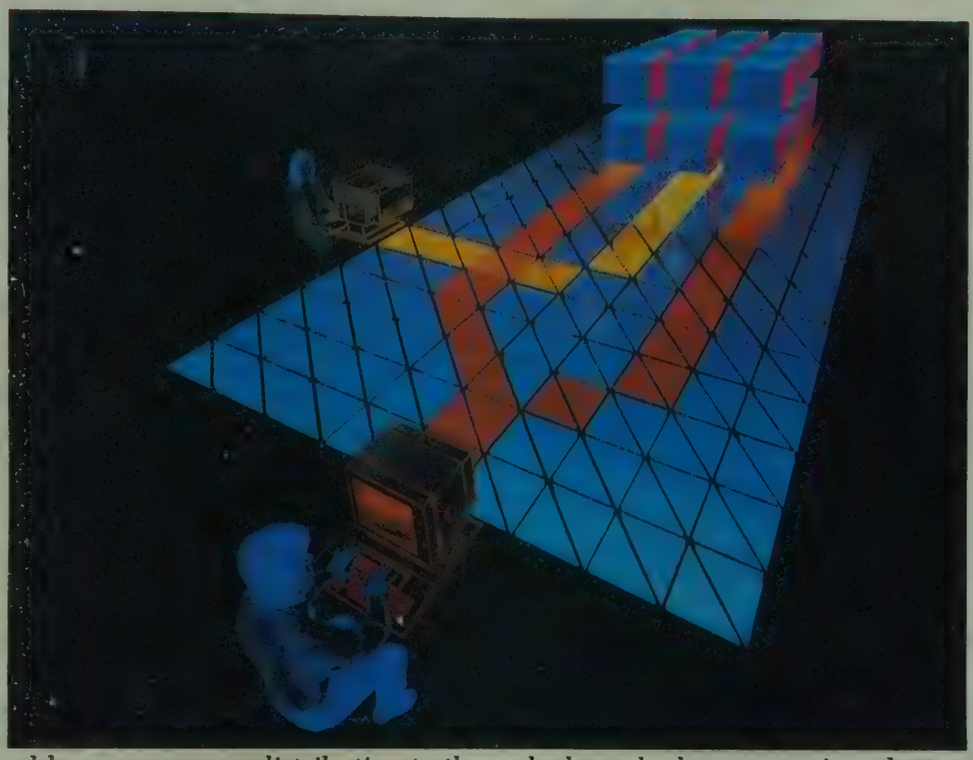
If you use a word-processing package, the directory on the PC tells you where the relevant reports are. You can look them up and mark out the sections you'd like to use. Then you can key in the rest of the report, fit in those sections and get a full printout of the complete report. And yes, all the merging, corrections and modifications can be done on screen; so there's no need to hassle your secretary.

Hey Presto! Your report is ready in hours; maybe even minutes.



CASE II

■ *You're supervising five salespeople who, between them, look after 50 clients. At the end of every month you want to see client-wise sales figures, sales effected by each salesperson, the achievement-versus-target fixed for each of them and, finally, calculate the sales incentive due to them.*



The modus operandi sans computer:

Most organisations have a printed format for these purposes. Each salesperson lists down all sales effected, stating targets and calculating the percentage of target met. In the end, he or she uses some complex formula to calculate the incentive due. The accountant then checks these figures using a calculator. The manager may want to calculate the total incentives paid and his own profitability. This would mean consolidating all the sheets filed by his sales executives.

This is a highly-repetitive function where the same set of parameters are applied for each case and then these are consolidated. The process can take a day, or two.

What your PC can do:

In an automated system, you only need to create a skeleton format for one salesperson and specify the formulae to be used for the calculations involved. This skeleton may be copied for all other salespeople. Every month, you only have to enter the dates of sales effected to get the total picture. And it only takes seconds.

This is true for all such calculations — like, say, detailed sales analyses or analyses of the effect of a change in excise and customs duties on the price of a range of products and so on.

CASE III

■ *Your company manufactures a consumer durable — say colour TV sets — that is sold through 4,000 dealers nationwide. You're about to launch a new brand of TVs and, initially, want to restrict distribution to those dealers who have a shop display area of 800 sq ft. To restrict the number further, you want to consider only those dealers who sold 500 units of another model last year.*

The modus operandi sans computer:

Even if this information is available in the form of data sheets collected from various regions, it would be a physically taxing operation to go through them all and finalise the list of dealers. You'd probably ask the regional managers to draw up this list — and you'd have to wait a couple of weeks for them to come in.

What your PC can do:

In an automated system, if this data on floor space had been collected and entered in the machine, drawing up a list for the distribution of the new colour TVs would probably take five minutes.

In each of the cases, one aspect is common. It deals with repetition. Every time we check for the same things and for the same list of dealers. For every salesperson, the incentives due are calculated exactly the same way. Many times we use information created earlier.

It takes you only a few minutes to fix the conditions based on which a dealer is to be selected, the basis for incentive payment or sift out the sections from available data that would best fit your new report. But it can take hours, days or even weeks to get the job done without a computer. If you can list all the activities that are repetitive, you can also find ways to computerise them and, therefore, save on time. I've never come across a repetitive job that a PC can't do.

And mind you, that is only one facet of a PC's utility. There are hundreds of others, and we'll deal with the most important ones as we go along this series.

Some of you, I'm sure, learnt nothing new from this edition. You can accuse me of wasting time and space on elementary, schoolboy stuff. But there are a lot of people out there (many more than you're prepared to believe) who've shared their offices with a PC for three or four years and still don't know what to do with it.

□ S. Prabhakar
The author is a senior research planner at Ogilvy & Mather.

THE LEXICON

A glossary of infotech acronyms, words and phrases that go over the heads of everybody outside — and quite a few inside — the world of computers.

Binary system: According to the *Collins English Dictionary*, this is "a number system having a base of two, (where numbers or letters are) expressed by combinations of the digits 0 and 1; in computing, 0 and 1 can be represented electrically as 'off' and 'on'." Basically, this means each number/character/letter is represented in the computer by a string of 0s and 1s. Virtually all computers follow the binary code.

Bit: Abbreviated from "binary digit," this simply means a 0 or a 1 in the binary system.

Byte: A string of digits that connote a notation.

ASCII: Short for American Standard Code for Information Interchange which defines a seven-bit binary code for various notations. For example, the letter 'A' is defined as '0000010' by ASCII. In other words, under the ASCII system, seven bits make a byte.

LIVING OFF LIVEWARE



In the past few years, the infotech industry's biggest foreign exchange earner was not software or hardware but "liveware" — meaning body-shopping

It's very fashionable, in these days of foreign exchange crisis, to talk of software exports. As anybody connected with information technology will tell you, India has the makings of an international software powerhouse; that this country will one day be "the software workshop to the world."

I agree wholeheartedly. We've got what is probably the world's largest pool of cheap, educated, highly-skilled technical and scientific manpower. And the typical member of that pool has better grasp of the English language (the software *lingua franca*) than his opposite number in any other third world country. You don't have to be Michael Porter to know what these advantages add up to. India can be in the global software market what Taiwan is in hardware. No questions about that.

Nor can there be any doubt that our software exports have grown at breakneck speed over the past five years, from scratch to Rs 250 crore in 1990-91. That's still only a drop in the ocean when you consider that the world market for software is expected to cross $300 billion by 1995-96; nonetheless, we've got to congratulate our software houses for bringing home decent foreign exchange earnings.

That much is clear. Now pause for a moment and ask me: *when* are we going to become "the software workshop to the world?" Not anytime soon. It's all very nice to talk of India's tremendous potential, but we've also got this terrible flaw — as a nation, we tend to think small. We're too easily satisfied. That explains why no concerted effort has been made to think in terms of a really large marketshare. In any sector of industry, our planning is based on growth over the previous year's performance. This is true of software exports, too. While the previous year's export earnings were Rs 250 crore, we can, at best, aim for Rs 500 crore this time round. A 100% growth looks terrific on paper, but that still keeps us in the minor league. That is where we'll stay, until we learn to be more ambitious. And if we take our time about it, as we are wont to... well, let's just say that in the modern version of the hare-and-turtle fable, the hare doesn't take time off halfway into the race to catch forty winks. Being slow 'n steady is a liability in the software marketplace.

And, before we can talk about taking on the world, there's another question: just what have our chaps been selling for those precious dollars — software? If that's what you've been believing all these years, you've got a rude shock coming.

Over the past few years, the infotech industry's biggest foreign exchange earner has not been hardware or software, but what I call "liveware." We've been exporting bodies; live, intelligent human bodies. No, that isn't as ghastly as it sounds, but it's hardly the sort of thing you'd expect from a software giant-in-waiting.

Most of our software houses (I'll take no names; suffice to say that some of the biggest names in the industry are in this just as deep as small-time operators) send out analysts or programmers and charge clients for this "export" in dollars. The charge is $3,000-$7,550 per month, depending on the skill profile of the individual or the marketing (read, bargaining) ability of the Indian supplier. And I'm being conservative when I say that 70% of our software industry's foreign exchange earnings last year came from this business, known in the trade as "body-shopping."

Typically, Indian software houses place these bodies in their clients' organisations abroad either through direct interaction with the clients concerned or through middlemen. In the early years of software exports, when only a few companies played the game, they set up their own marketing offices and contacted potential users directly. Now, with hundreds of small software shops (most of them garage-scale operations) in the business, it is more practical (and substantially cheaper) to go through an agent.

This middleman — more often than not a non-resident Indian (NRI) out to make a quick buck — talks to potential foreign "importers," finds out what sort of programmers they want and sends what are called "man-profiles" to an Indian firm which, in turn, either "exports" persons from its own staff or picks them up from the market. Ever counted how many "Overseas Opportunities for Software Professionals" ads appear in the newspapers each week? Try it; you'll be surprised. Often, simple telephonic interviews are arranged between an agent and a software pro, and the deal is struck. At the end of the day, the two agencies then live off this business — the "exporter" and the middleman.

Don't get me wrong; I'm not condemning body-shopping. On the contrary, I've always maintained that this is one of the best ways an Indian software company can enter a foreign market, an excellent (and often imperative) introduction strategy. So long as it is used as such, body-shopping must actually be encouraged. Unfortunately, not all software houses see it as a short-term strategy. To most, this is the *only* way of earning dollars. It is these people who, if they're allowed to go on shipping out bodies, can dangerously under-

mine our overall software export strategy. What this brain-drain can do to the domestic software market, I leave to your imagination. As it is, the country is woefully short of good programmers. The body-shoppers don't make things easier.

But, to be fair, let's look at the pros and cons of body-shopping. On the plus side, it's a good way to build India's image as a software exporter. A terrific promotional exercise. When our lads go out there and do a good job (which, fortunately, is almost always), they spread the word about this country's software capabilities. They also help create a good impression about the companies they represent. This is why software circles in the US and Europe speak so highly of India's software prowess. Our boys are walking advertisements of this country's abilities, and we should be proud of them.

They also learn some valuable lessons while they are abroad; the most important, to my mind, are those related to workstyle. Guys who, in India, wouldn't stay in the office a second longer than five-o-clock in the evening are transformed miraculously when they've been in the US for a couple of weeks; suddenly, they can't bear the thought of leaving their workstations — no matter what the clock says! Again, this adds to the country's image. Indians are no longer regarded as congenital lazy-bones; instead, they're ranked among the hardest workers in the world. And when they return, our programmers bring this newly-acquired virtue with them.

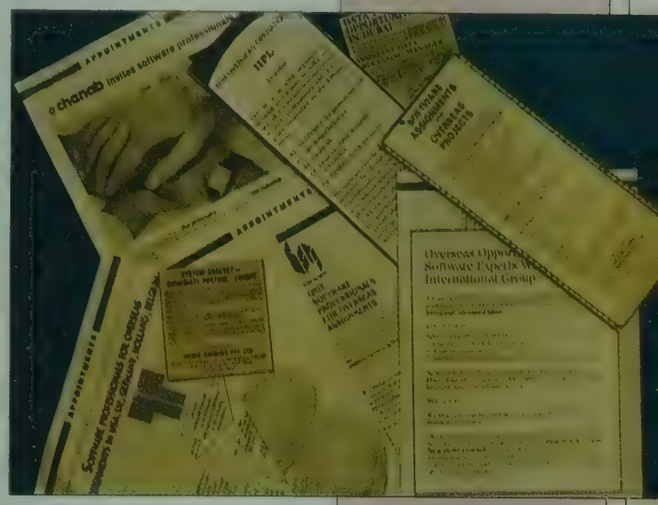
They also pick up some important tips on software development which they can pass on to others back home. They get a chance to use state-of-the-art productivity tools that aren't yet available in India. They're exposed to the latest hardware technologies and introduced — often for the first time — to the concept of quality. I'm sure a foreign-returned programmer makes fewer errors per thousand lines of software code than one who's never worked abroad.

On the whole, when a "body" returns to India, he's a much better software developer. And that's great for the domestic software industry.

Now for the cons involved in body-shopping. One of the biggest drawbacks is that, on its own, it won't help increase India's share of the world market by any significant margin. In the first place, there isn't much value-addition in body-shopping. And anyway, if we are to think in terms of $10-billion worth of exports by 1995-96 (and that would be just 3.3% of the international market), we'll have to find a way to "export" *half a billion bodies*. That's absurd with a capital 'A.'

Another problem is that the highly-skilled bodies we ship out are often grossly underutilised; or used for low-skill jobs. A software programmer is selected on the basis of the maximum expertise level required for the job concerned. But he usually spends only 10% of his time doing what he does best. The rest of the time, he's performing jobs that somebody with much less knowledge can take care of. Under those circumstances, optimisation of skills is quite out of the question.

That our programmers don't mind doing this sort of "menial" work is apparent from the flood of applicants to every foreign job advertised. A foreign assignment is a programmer's badge of honour, his status symbol. And he's prepared to put up with all manner of hardship to earn his dollars. In India, he'll demand the best available accommodation, a company car and, if possible, a generous expense account. But abroad, it's a different story altogether.



The typical "bonded labour" software programmer in the US lives the sort of Spartan life that would give his mother a heart-attack if she knew about it. The exported bodies share accommodation (two/ four to an apartment), transportation (two/four to a car, when one is available) and eat whatever they can cook (rice and dal, usually) or patronise the cheapest fast-food joint in town.

But don't waste any of your sympathy — most of them do so voluntarily, hoping to save enough money at the end of the assignment to put in a down-payment for an apartment back in the hometown. And, oh yes, there's inevitably a long list of goodies for the family — tape recorders, cosmetics, clothes... you know the story. A few manage to jump "bond" and join some nondescript NRI firm in the hope of getting the elusive "green card." Luckily for the industry, their number is small. Most come back, and insist on being re-exported after a few months. If their companies refuse to oblige, there's always an agent who'll gladly make all the arrangements.

So, what are the solutions? On balance, I'd suggest that we should use body-shopping in the same structured way as we would trial supplies or samples; and, ultimately, look out for offshore projects and packaged software. That way we can use the entire pool of software skills and hope to take a quantum jump in marketshare. As more software parks and communications networks are established here, we've got to bring projects home. And with them, all our prodigal sons.

□ Veer Sagar

The author is chief executive of DCM Data Products.

Body-shopping is a good way to enter foreign markets in the short term. But not in excess

TCS is to finally unveil EX.

LEADING BY EX-AMPLE?

At long last, we've got a firm date. Software supremo Tata Consultancy Services (TCS) will launch its much-talked-about 'EX' software package on 18 September.

The industry has been waiting long for this; word that TCS was working on a "revolutionary" accounting package first went round nearly a year ago. But the Rs 100-crore company made sure no details leaked into the marketplace.

Now it's ready to undo the wraps — in style. Says TCS marketing manager Lal C. Singh, who fathered the project: "It will be a never-before-seen launch. And we are hoping that EX will give a push-start to the computer industry."

Flop foray? TCS didn't cover itself with glory in its first foray into product-selling. The "BMS Masterkey" experiment was, by most accounts, a damp squib. Singh denies this: "It did fairly well — we sold some 3,000 copies." And he's sure EX will do much better. Says he: "It is a software that should make life easier for the small businessman — be it a retailer, manufacturer or a restaurant owner. We believe it's the best of its kind in the world." Few small businessmen think it necessary to go in for computers. Singh says that will change. "EX will make computers worth buying. So sales of PCs should also rise."

As a further incentive, EX will be hawked at a relatively cheap Rs 7,000 apiece. Buyers will also be presented a one-hour video cassette explaining the modalities of using EX.

TCS is hoping that its first-year sales chart will see a peak of 10,000 units. "Some 25,000 PCs are bought by small businessmen annually," says Singh. "So, there's a big market." Helping him get a lock on that market will be an army of 1,000 independent sales professionals and 300 dealers.

The company has already set its sights on the overseas markets. November should see the product being sold in the UK and Africa. Says Singh: "No doubt, we'll have competition (DacEasy, Sage, Pegasus) but our product offers the reliability normally associated with IBM."

He's confident that the product has EXcellent prospects.



We are hoping that EX will give a push-start to the computer industry

Lal C. Singh

marketing manager
TCS

An Intec-Atre joint venture in the US is in the offing.

BYTING DEEP

Milind Kotak, B. Srinivasan and the US-based Shaku Atre are in high spirits. And they've got reason to be. In February this year, the first two teamed up with Atre to push their company's — Intec Systems' — software packages in the US. Now they're planning to set up an offshore joint venture christened Atre/Intec in the US.

Says Intec Systems managing director Srinivasan: "Our marketing arrangement has got off to a flying start. So we decided to extend the relationship." The Indian and the US companies will take a 50% stake each in Atre/Intec.

According to Atre, in the six

months that she has been representing Intec in the US, she has managed to generate a turnover of $1 million. Most of that has come from peddling high-end solutions for IBM 390 mainframes, software products under Microsoft Windows and, of course, body-shopping.

Says Atre: "We complement each other and we have a great future together. Since we have really dirtied our hands on the job unlike others who don't get involved hands-on, US customers trust us."

Customised solutions. To cater to that trust, Kotak and Srinivasan are setting up a 100% export-oriented unit in India. Called Intec Overseas software, it will be a Rs 10 crore project focusing on developing customised solutions on highly-sophisticated databases and Windows software; Atre/Intec will do the marketing spadework in the US and bag customers.

Atre has said she will invest in the Indian venture; the lady obviously believes in putting her money where her mouth is. Intec Overseas Software is slated to hit the capital market with a Rs 4 crore equity issue later this year. Infotech companies haven't exactly set the stockmarkets ablaze, but the trio is confident this one will be an exception.

ATRE: *A hands-on attitude*



Hinditron has another tieup.

STRUCTURING THE FUTURE

Hemant Sonawala is on the move again. His Hinditron group, fresh from the controversy surrounding the departure of some long-standing partners, is planning another project with American giant Tektronix. (The two had earlier joined hands in the Rs 10-crore venture, Hinditron Tektronix, which makes a range of test and measuring instruments.)

The two parents are now exploring the feasibility of bearing another offspring — a centre for engineering design and development in Bangalore. According to Tektronix vice-president (engineering worldwide) Tom Long, with markets turning competitive, his company is finding it necessary to home in on areas where engineering design and manufacture can be done at a reasonable cost.

Notes exchanged. Says he: "Considering the capabilities available in hardware and software design in India, we feel we can do more design work here, and transfer the design files to the US." Tektronix director (computer research labs) Balaji Krishnamurthy agrees. The duo, in Bangalore recently, surveyed the infrastructural facilities, talent available, and exchanged notes with heads of major companies, both in the public and private sector. And that was just the preliminary assessment.

The current exercise, however, may not culminate in a joint venture. Says Long : "It will only be a continuation and enhancement of the existing relationship with Hinditron."

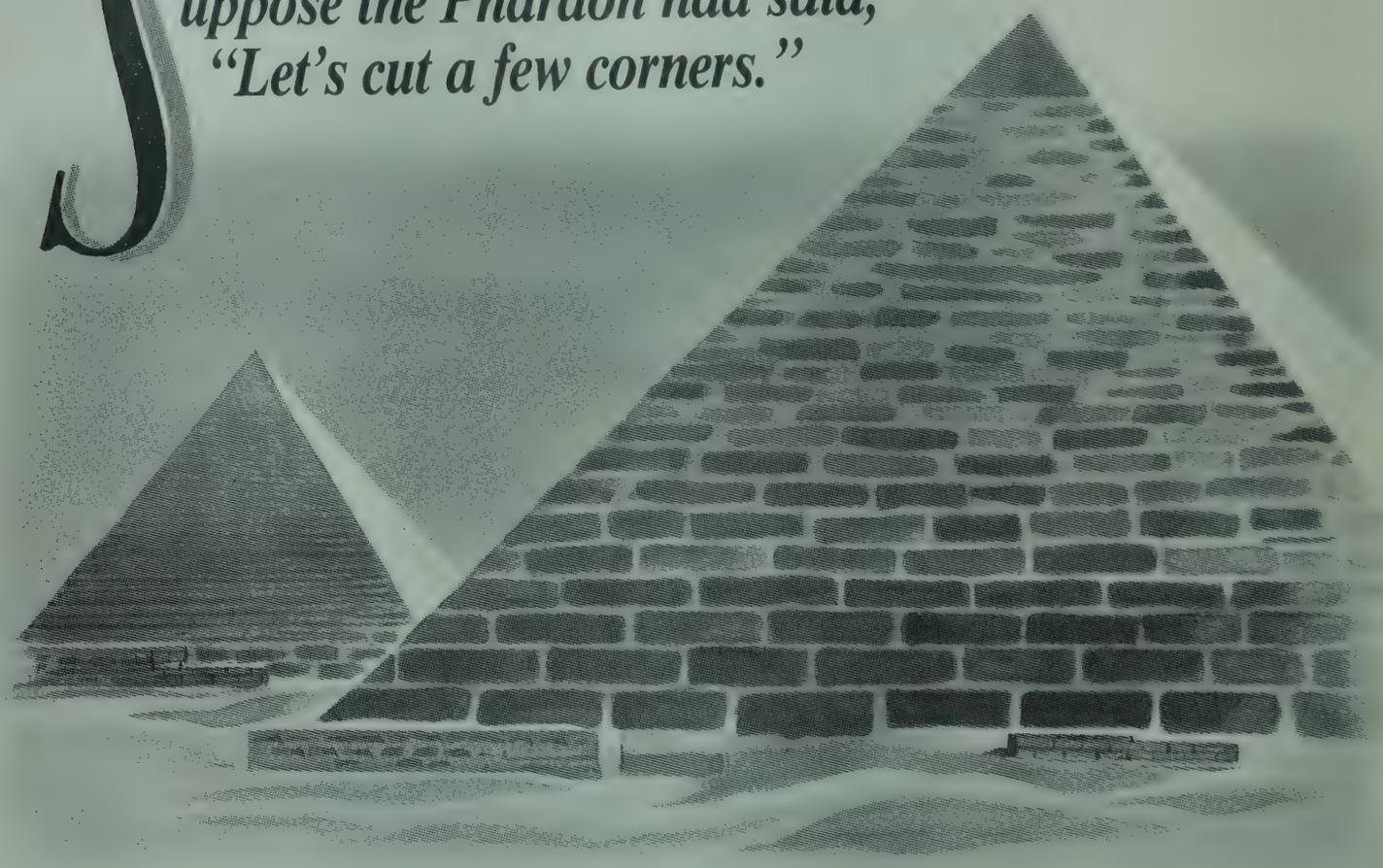
The proposed design and development centre should help the company improve its foreign earnings. According to Sonawala, as much as 70% of the company's forex requirements this year will be met by earnings from engineering service exports. "Next year, all of our requirements will be met by this activity."

Tektronix aside, Sonawala is eager to put an end to all rumours that the Bombay-based group is on the verge of disintegration following the resignation of Hinditron Equipment Manufacturers' joint managing director Harish Mehta in April. Sonawala insists there was no clash of egos. "We parted friends — we remain so."

SONAWALA: *Man on the move*



Suppose the Pharaoh had said, "Let's cut a few corners."



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346, Pantheon Road, Madras 600 008.
E-4/119, Arera Colony, Bhopal 462 016. Also at Bangalore, Pune.

NEWS BRIEFS

■ As part of its retrenchment programme, the Dutch electronics group **Philips** is to hawk off a large chunk of its loss-making computer division to Digital Equipment Corp (**DEC**) of the US. Philips will sell all of its minicomputer, microcomputer and document-managed activities to DEC, in what is the first-ever sale of practically an entire division since it began its retrenchment programme in mid-1990.

■ The dour and dowdy dinosaur has metamorphosed. Last year, nothing seemed to go right for Hewlett-Packard (**HP**). All it could gain was a bloated workforce which ate into its wafer-thin margins; it lost, besides its morale, a share in the critical computer markets.

However, since March this year, HP has managed to blossom. It has put out some impressive new computers, including a checkbook-size personal computer (PC) and a workstation that sets new standards. Profits are once again gaining bite and the HP stock is now trading at more than double what it was last November.

■ **Compaq's** Rod Canion is gearing up for an assault on the Japanese market. The company is all set to launch Japanese language PCs in the land of the rising sun. The move hasn't come a day too late. Compaq is facing tough times in the US (where computer prices have shrunk) and its European foray has yet to take off. The Japan entry means that Canion has at last acknowledged the potential the $5 billion market holds. It also means that globalisation — and fast — is at last becoming a buzzword at Compaq.

CANION: *All systems go*



■ International Computers Ltd (**ICL**), the British computer company in which **Fujitsu** has an 80% holding, is to buy a 50% interest in the European computer-maintenance operations of **Bell Atlantic Corp** of the US. ICL has also planned a joint venture to run these operations. The move is part of the computer megacorp's efforts to expand in Europe through mergers and acquisitions.

■ Moody's Investors Service, the US credit-rating agency, is reviewing the debt- and stock-rating of **Texas Instruments**, the US defence electronics company. The reasons for the review: continued overcapacity in the semiconductor industry, challenges to the company's patents (from Fujitsu for one) and continued weak defence spending. Currently, the company's ratings are single-A-2 for senior unsecured debt and single-A-3 for its preferred stock.

■ It hasn't been a carnival for **Brazil's computer-makers.** This is thanks to the 1984 *informatica* law which set up a market reserve at home for Brazilian products and prevented the import of electronic goods. Although computer sales by Brazilian industry have picked up over the years, the models are outdated and sell for three times the price of their foreign counterparts.

However, come 29 October 1992 and all this could change. In July, a bill to end the market reserve for Brazilian products from that date and allow foreign companies to set up operations in Brazil was passed. The entry of international computer giants could well see the Brazilian computer manufacturers going under.

■ A billion-dollar gamble. That's **IBM's** plan to switch onto an experimental x-ray programme in its race to build a **memory chip** the size of a fingernail that can store the equivalent of four thick novels. This marks an effort to keep the company and the US from becoming dependent on Japanese computer chips.

IBM is pinning its hopes on the intense x-rays to replace light beams in etching circuits many times finer than those on today's chips.

■ **Unisys Corp** has reported a $1.3 billion loss for the second quarter of 1991, thus bringing the losses of the ailing concern to $2.5 billion over the past two-and-a-half years. As a short-term remedy, the company is to chop 10,000 jobs and has won concessions from its banks. According to chief executive James Unruh, in addition to job cuts, Unisys will try to further narrow its focus, including "de-emphasising" one of its three lines of mainframe computers, the V series.



UNRUH: *"De-emphasis" is the key?*

■ That the IBM-Microsoft relationship has soured is well known. In recent times, IBM has increasingly been wooing Apple for its software requirements. This is a far cry from the days when IBM was wholly-dependent on Microsoft for its operating system software. Now, as if to show that it can survive on its own, **Microsoft** has started selling its latest MS-DOS version through US retailers. Earlier, a bulk of Microsoft's software used to be sold by hardware-makers (IBM and IBM-compatibles) who packaged it with their machines.

NEWS BRIEFS

LAUNCHES

■ HCLers have had a hard time, these last few months, convincing people that the Hewlett-Packard (**HP**) deal does not bring the curtain down on the company's indigenous R&D efforts. Now, finally, they've got tangible proof in the launch of **HCL's** new supermicro, the Unix Oasys 486SX.

The machine is claimed to be the first Indian 486SX system with Unix. Beside Unix/386, the Oasys 486SX also supports MS-DOS, Windows and SCO Xenix. It runs Novell Netware 2.2, 3.11 as well as ELS I, ELS II, Advanced and SFT Netware. The product comes with LIM-EMS (Lotus Intel Microsoft-expanded memory specification), thereby allowing accessibility of memory beyond 640 KB under DOS. Besides, an optional 487SX math co-processor is available for Cad/Cam image processing and scientific and engineering applications.

Having introduced this product in the Indian market within three months of the 486SX launch, HCL has begun the new financial year on a bright note. But the moot question is: with customers lining up for the HP range, can HCL still sell its own products? **Contact:** Your local HCL office.

■ Here's another encryption software that keeps databases safe from hackers. Branded "Protect," it has been developed using DES encryption technology by New Delhi-based **Comtech**. Fully menu-driven, the company claims Protect can garble data without harming it. It can protect databases created through dBase III+, dBase IV, Foxbase+ and Softbase, among others. A password is all that's needed to do the trick of making data inaccessible. Protect supports expanded memory up to 8MB, besides offering virtual memory support. **Contact:** Comtech, DP-207, Maurya Enclave, New Delhi 110 034. Tel: 7114085, Telex: 623 PSB IN.

■ The minis segment has been seeing a lot of activity from the big players. But the low-profile **Kirloskar Electric** hasn't been inactive. The company is vending a 486-based mini, branded Kalpa-1000, capable of supporting 64 users. Operating at 25 MHz, the machine has 4-28 MB of main memory and offers a choice of SCSI hard drives up to 990 MB. The hard disks can be expanded to 5 gigabytes. It also has a dedicated processor for Ethernet, Lan and Wan. Kalpa-1000 comes with a standard 125/150 MB SCSI cartridge and an optional nine-track tape drive backup. **Contact**: Kirloskar Electric, Atur House, 1st floor, 87 Dr Annie Besant Road, Worli, Bombay 400 018. TeleFax: 4926112.

■ With networking still to take off in a big way in India, a number of small players are coming up with other methods of connecting machines in an office environment. Consider Ahmedabad-based **Star Powertech**. The company is offering dual, triple, and multiple access systems (DAS, TAS and MAS) for users who don't want to splurge on a local area network. Under DAS, two executives can access a single personal computer (PC) even if they are 75 feet apart. All that the second executive needs is a



monitor, a keyboard and DAS. TAS allows three people to use a single PC the same way. MAS, on the other hand, allows a single user to get into more than one PC within 150 feet. **Contact**: Star Powertech, 4 Gitanjali Hatkesh Cross Road, Naranpura, Ahmedabad 380 014. Tel: 493201, 495435.

■ Software marketing in India has always been a difficult task, thanks to the all-pervading ghost of piracy. But, for new entrants and small shops, knowledge of how this intricate ballgame is played is available in software consultant **Ashwin Merchant's** *Software Marketing Guide*. Merchant, a professional with seven years' hands-on experience, claims that he's put in all that he has garnered about the market in the guide, in a step-by-step-style. He also deals with software exports; an entire chapter is devoted to the US market alone. Merchant has managed to rope in the Express group of publications to market the book. **Contact:** Ashwin Merchant, PB No 3687, Bombay 400 004.

HAPPENINGS

■ Digital Equipment India Ltd (**Deil**) has decided to farm out the marketing of its low-end Unix minicomputers. Its Indian parent, **Hinditron**, will sell the new machines in the Bombay and Bangalore sectors, while Delhi-based DCM Data Products (**DCM DP**) will hawk the range in the rest of the country. DCM DP chief executive Veer Sagar expects sales of the Digital machines to add Rs 6 crore to his company's revenues this year. Hinditron should do better. Deil will continue to sell its VAX proprietary systems on its own.

■ At long last, computer manufacturers are about to become accountable to their customers. Word is out that majors like **Reliance Industries** and the Oil & Natural Gas Commission (**ONGC**) have commissioned comprehensive audits of their EDP operations. That should keep a lot of infotech heavyweights awake at night; for years, they've conned many buyers into opting for "boxes" when they should have been offering solutions. If the audits reveal — and they are likely to — that the corporations haven't got full value, in terms of productivity, for their high investments on computers, others will think twice before making large infotech purchases.

"WE ARE TRYING TO CONSOLIDATE"

It has become almost axiomatic that wherever Manu Chhabria goes, controversy is bound to follow. A heritage of his much-publicised takeover battles during the latter half of the eighties, the image of the street-smart fighter persists even though the 40-year-old non-resident Indian has become a markedly more mellow man.

Currently he is involved in a bitter dispute with the West Bengal government and the workers of Calcutta Chemicals over the control of this ailing toiletries company. On another front, in a rather messy media fight, Rampur Distillery, with whom Chhabria outfit Shaw Wallace has a marketing tieup, is trying to set itself up as a competitor. Meanwhile, Chhabria's two flagship companies have come out with startlingly contrasting results. Shaw Wallace has declared a 1:1 bonus and 47.5% dividend. Dunlop India, on the other hand, is losing marketshare, its sales have barely crawled up and profits are more or less the same as last year.

In a no-holds-barred interview at Bombay's Dunlop House, Chhabria discussed his group's problems, their solutions and the future of India's seventh-largest business house.

Q. Dunlop India's latest results have been quite poor. Besides, several top managers have left and there are reportedly cash flow problems. Why is the company's performance slipping?

A. No, no. These are all myths. The facts are different. Let's not shy away from this. The fact is that Goenka (RPG, who sold off his stake in Dunlop to Chhabria) lost face in Dunlop. And he is not happy about it. Whosoever has left, has been taken away by him. Nobody has left and joined any other group.

You see, it is a rivalry situation. They (the Goenkas) are professing good, good, good (saying that everything is fine). But in reality, they are not happy. Let us be very clear. What did they give me when they left? A bloody dead duck. When I took that company, it was on strike. The main factory was closed for six months. And they bloody well knew it was in very bad shape by the time we decided to part company. So when they gave me the company, it was in an unhealthy state. I was given a sick child in my lap. And what is wrong with Dunlop? Nothing has gone wrong. From Rs 480 crore (in 1986-87, 15 months), sales have gone to Rs 610 crore (in 1990-91).

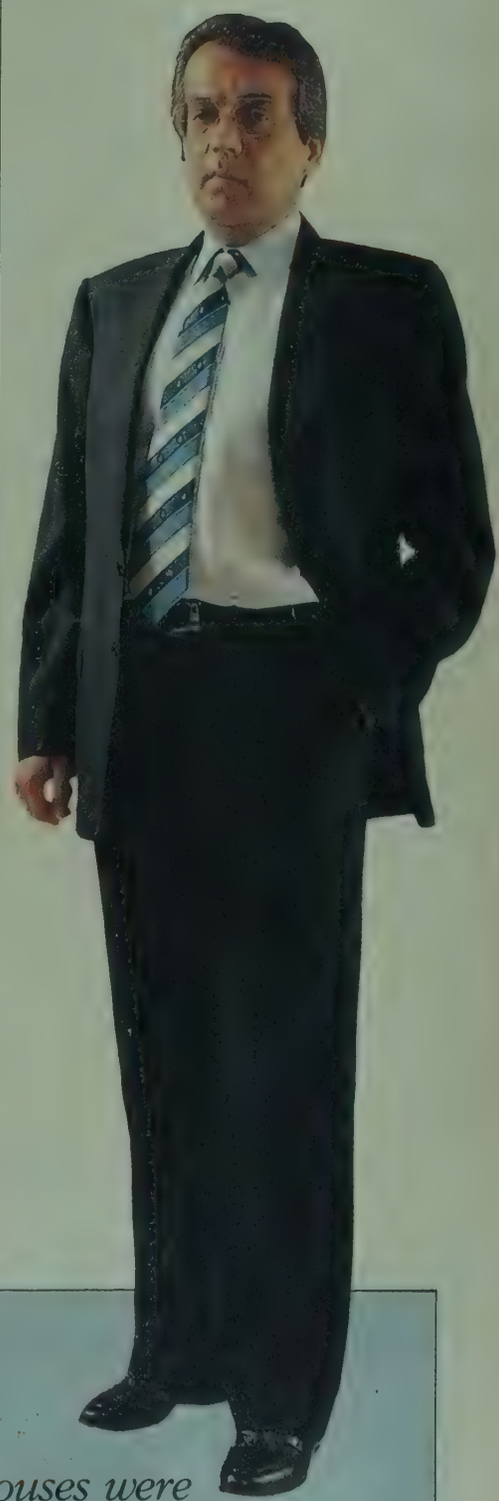
Q. Yes, but compared to other companies, Dunlop's growth has not been so good.

A. When you say growth, what are you referring to? Growth in profits? In turnover? There is a feeling that we are not doing well. But in reality, the company is doing well.

What are the parameters? Some feel that turnover is the parameter. The market feels that profits are the parameter. The competition feels that production is the parameter. So it depends on how you look at it.

As far as we are concerned — as I look at it — it is the turnover and the profit which are important. Maybe the turnover is not so good, or the profit is not that good — let us not shy away from it — but still, if we declare Rs 15-16 crore as profit and sales are Rs. 610 crore, I think it is not bad.

You must also understand — and this is very important — that we are paying Rs 32 crore more in salary than MRF pays to its workers. If I am permitted to have a voluntary retirement scheme (VRS) instituted in the company, in the very first year I could



My relationships with other Indian business houses were never bad. It was just projected that they were bad

write off the VRS and make windfall profits for the company. But the way the labour laws are at the moment in this country, I am finding it difficult to achieve this goal. Ultimately we will do it. We will offer schemes which a worker cannot refuse. But until that happens, I have to face the situation.

Why am I not in a position to do this at this moment? Because of two reasons. In the past, we were under RBI (Reserve Bank of India) restrictions. Today, the RBI has subject all industries to a credit squeeze. We have become a victim of that. After the group concept (in which one group company was disallowed lines of credit because of defaults by another) was abolished by the RBI, we have come under the general market squeeze. But there have been no defaults in payments, no defaults in salaries (in Dunlop). Yes, we have not been in a position to expand our production capacity as we would love to. This is a fact.

If I can save that Rs 32 crore, you can imagine, 32 plus 15 would be a Rs 47 crore profit.

We must be just to labour. I am ready to give retirement schemes, but they are not ready to accept them. Instead, they are setting terms which are impossible. This is the problem.

At our Ambattur (Tamil Nadu) factory, we are paying Rs 6.5 crore overtime but there has been no increase in production. That is why I am paying so much attention to Dunlop. Why are you interviewing me in the Dunlop and not the Shaw Wallace office? For what? I am putting my heart and shoulder to it. I want the company to make profits. Today everybody is looking at Dunlop, saying we are not doing well. They are forgetting — people's memories are so short — that we have given bonus shares earlier. But now nobody talks about the bonus. It is shameless.

Incidentally, we are the only manufacturer in this country which makes tyres of all types, from (those for) animal-drawn vehicles to aircraft. No other tyre manufacturer in this country has such a wide range. And, imagine, if we stop making aircraft tyres, valuable foreign exchange will have to be spent to buy them. It is import substitution in aircraft tyres. This is shaping out to be a major part of our business. We are planning to invest Rs 14 crore in aircraft tyre retreading.

Q. Coming to Shaw Wallace, what are the factors behind the better results?
A. We have captured more market-share in liquor. A very clear-cut policy and strategy has been worked out. We have classified Shaw Wallace as a liquor company shamelessly.

Q. You have always been that.
A. No. I do not think so. We never used to accept Shaw Wallace as a liquor company. We used to shy away and call it a trading house. I said, we are not a trading house. I would say we are a conglomerate and primarily a liquor company. However, liquor might have an uncertain future — I say might, because I am not sure I agree. There are perceptions that there could be some restrictions on liquor (manufacture and sale). So, as a strategy, we are strengthening the consumer products division in the company. We sell detergent powder, talcum powder and soaps. Sales of consumer products are now Rs 100 crore. But the moneyspinner is liquor. And that is what we are exploiting.

What did the Goenkas give me when they left Dunlop? A bloody dead duck

Q. Why do you want Calcutta Chemicals? It has so many problems.
A. No, no. Let us not make any mistake. Calcutta Chemicals was acquired to augment our consumer products division. It used to receive step-motherly treatment because the original promoters sold the company to us (only) partially. So, when we took over Shaw Wallace, we saw to it that Calcutta Chemicals was made a subsidiary of Shaw Wallace. We ensured that 56-57% of the shares were held by us.

The company's performance is good, but it is not showing a profit because of heavy labour costs. The products are good. Now there is a unique situation; Calcutta Chemicals is closed temporarily due to labour problems and yet it is making money. This is something unusual, but it is a fact.

Of course, there is a lot of speculation that we want to sell, and that the West Bengal government wants to buy and that the workers want to set up a cooperative. But nothing like that will happen because Shaw Wallace has lent it Rs 9 crore. And we have gone to the BIFR (Board for Industrial and Financial Reconstruction) and told them that we do not want any relief, that we can manage the company, that it is a business we know best. So, as far as Calcutta Chemicals is concerned, we are very relaxed.



But somebody — an interested party, one of these big detergent manufacturers — wants to have this company. We have been approached by a merchant banker — in the past also, many times — asking why don't you sell the company. One merchant banker shamelessly told us: "We don't want the company, Mr Chhabria. What we are in-

terested in are the brands." Undoubtedly, Calcutta Chemicals has some very good brands.

Q. Coming back to the reasons behind Shaw Wallace's good results, have you got better marketing people? Are you giving them the freedom to spend more on marketing and advertising?
A. The initiatives we took are now paying dividends. It is a collective effort. I cannot say that one or two were responsible. That would not be right. I am not ready to take the credit also.

Another reason was that we went on a mad acquisition spree of distilleries and breweries. We increased our capacity. Let me be very blunt. We went for tieups with units. We went for acquisitions. And we went for an increase in our production capacity. That is the trick. Finished.

Q. What about Rampur Distillery?
A. Rampur is our tieup unit.

Q. But he (Rampur executive director Khushal Singh) wants to set up his own brands.
A. No, no. Let me tell you something about the liquor industry. You must understand its philosophy. It is principally an industry of brand loyalty. Please understand what I am saying.

Today, Royal Challenge is the most expensive whisky in this country. If I increase the price of Royal Challenge by Rs 100 per bottle, it will still sell. Because there is brand loyalty. The more I make of Royal Challenge and maintain the quality, the more it will sell. But if somebody else comes and tries to sell something like Royal Challenge with the same blend, it will not sell. Brand loyalty is the biggest thing. And the success of Shaw Wallace is that we have raised the production of our best brands — Royal Challenge, Director's Special, Haywards and other brands, especially our new bestseller, Officer's Choice, which was a super success.

Q. Does this mean that the market is expanding — that more people are drinking — or that you have a larger marketshare?
A. Both things are happening.

Q. Coming back to Rampur.
A. Rampur is our tieup unit.

Q. But he (Singh) wants to ditch Shaw Wallace and set up on his own.
A. The *Sardarji* there, he is an ex-Shaw Wallace man. So they are aspiring to have their own brand. But it is not an easy thing. If wishes were horses, beggars would ride.

Q. Early this year, you had announced several major new projects which called for a total of Rs 2,000 crore in fresh capital investment. Given the credit squeeze you mentioned, are these plans still possible?
A. If you see our plans, I think so. What are our plans, on what are we planning to spend money? Our marketing efforts have been so good that we have sold whatever we produced. We want to expand capacity. Look at our (low) inventories.

So, in Dunlop we are planning a third factory. Incidentally, we are the only producer which has accepted the request of the Tyre Manufacturers' Association that 25% of production must be exported. In truck tyres, we are the only ones exporting. And we can increase our exports provided we can increase production. We have decided to set up a third factory. There is demand. If I had the tyres, I could export them. India is the only country making cross-ply tyres. Others have stopped making them.

We have classified Shaw Wallace as a liquor company shamelessly

In Shaw Wallace also, we have not been affected by the downturn in the economy. The liquor business is not affected.

In the hotel project, even if we start now, it will be three-four years by the time it starts. It is not going to take shape tomorrow. It is a long-gestation project. It is the same with the nylon-6 project. By the time we have the permissions and we start implementing the project, it will be three years.

We are not in that kind of position that we have to worry. Our borrowings are very low. It is peanuts. In India, it is very meagre. Shaw Wallace has got Rs 19 crore. Dunlop has got Rs 30 crore. That's it.



Q. What about Orson?
A. Orson we have closed down.

Q. But what about its borrowings?
A. At that time it was Rs 20 crore.

Q. And more by now.
A. It could become Rs 200 crore after five years if penalty interest is imposed on it. That is 40% and 50%.

Q. And Mather & Platt?
A. No borrowings. Nor in Hindustan Dorr-Oliver. In fact, Dorr-Oliver has fixed deposits.

Q. What about Genelec?
A. Hardly Rs 8-10 crore. But Genelec is not a group company. We do not consider Genelec a part of the group. Nor Orson. Nor Nihon. We take four companies in the group: Shaw Wallace, Mather & Platt, Dunlop and Hindustan Dorr-Oliver. Calcutta Chemicals and other companies are demonstrated in (are subsidiaries of) Shaw Wallace.

As of now, we do not see any need to cut back (operations), but if there is any need, we will shamelessly accept. We are not here for charity, that is for sure.

Q. Are you planning any new issues?
A. No. There is no need. You see, our group profit is around Rs 70 crore. And what are we doing? We are not involved in any speculation. We are

not involved in any acquisition, nor in any major diversification.

Q. But Rs 2,000 crore is a major investment programme.
A. It will be spread over five years. Also, there will be state participation. They will be joint ventures. Other partners will be involved. We are not saying that the Chhabria group is investing Rs 2,000 crore.

Q. What is the status of the different cases against you?
A. There are no cases against me.

Q. Those filed by the enforcement directorate?
A. All finished. There are no cases against me.

Q. Can you tell me about the Samsung deal?
A. We are discussing with Samsung the possibility of manufacturing certain household appliances — deep freezers and refrigerators. It is still under discussion. Nothing has been finalised.

Q. What is the status of your relationship with Sony? (The Chhabrias were the principal distributors for Sony in West Asia and the Japanese major had also a substantial stake in Orson. When Orson was turning into a stretcher case, there were reports of considerable friction between the two parties.)
A. With Sony, how do I put it? Our Middle East sales have gone up. It was something at which we really worked. Hard work, you know. It was not a speculative success in that we took risks, either to win or to lose. Nothing like that. Our experience of the last 16 years helped. But I do not want to talk about it. Is anybody giving me a Bharat Ratna for it?

Q. What are your sales of consumer electronics in West Asia?
A. At Jumbo Electronics, in excess of $400 million.

Q. It's a sharp rise!
A. Yes it is. It is a sharp rise. Something phenomenal.

Q. Are you planning to revive Orson and Nihon?
A. Yes. We want to do that. We are waiting for a favourable order from the BIFR. We have the Supra brand — it is a colour television — which is a runaway success with 60% marketshare in the Middle East. We do not mind producing consumer electronic goods here and exporting it to the Middle East. There is a big demand. And that is exactly what we want to do to revive Orson and Nihon. We do not want to be dependent on the domestic market. What we would do is look at exports to the Middle East where we have a marketshare, where we are brand leaders.

Rampur Distillery is our tieup unit. They are aspiring to have their own brand. But it is not an easy thing. If wishes were horses, beggars would ride



Q. I believe the group's top management is being restructured.
A. Four months ago, we formed a general management committee (GMC). Six people are responsible and it will look after group activities and strategies. We met for the first time in June. Ultimately it will play an important supervisory role for the group. It will also form group policy.

Q. You are not interested in takeovers any more?
A. If there is something good, we may consider. But only so long as synergy is available. If there is a tyre company, I would love to buy it. Let us be very clear. I am not going to go for a chemical company. Or even Assam Tea which was offered to me. If I had wanted it, I would have gone for it. Though we have a successful tea company, Tezpore Tea, which is doing fantastically well, I am not interested in expanding my tea interests. And very few companies are available today.

Q. Why, there are so many companies available. ITC to name just one.
A. Who told you that? ITC is not available. Let me tell you, nothing is available. If somebody is telling you (that companies are available), he is giving wrong information.

Stone India is available for Rs 2 crore, I am not interested. It is peanuts. No major company is available. You go to Glaxo, they do not want to sell. You go to Cadbury, they don't want to sell. You go to ICI, they don't want to sell. They want to sell their property, but not the company. According to me, nothing is available. And Assam Tea was sold, as I understand, because of the ULFA (United Liberation Front for Assam) problem. If there was no ULFA problem, I doubt if the Inchcape group would have sold that company.

Q. In the past few years, you bought whatever was available. Are you planning to create a group identity now?
A. Today, we are trying to consolidate. As you say, we are diversified. What identity can I give now?

Q. How are your relationships with other Indian business houses?
A. They (the relationships) were never bad. It was just projected that they were bad. I cannot comment more.

Q. Have you sold off your Larsen & Toubro (L&T) shares?
A. Yes.

Q. Gammon?
A. They are still there.

Q. What about Genelec. Do you want to sell?
A. That is wishful thinking. I want to sell if there is a buyer.

□ Gita Piramal

Webel Video has bagged a major export order.

SNAPPING IT UP

The picture is finally brightening at the hitherto moribund Webel Video Devices Ltd (WVDL). A wholly-owned unit of the West Bengal Electronics Industry Development Corp (WBEIDC), WVDL recently bagged a $1 million export order from the Dhaka-based Knight Electronics. WVDL managing director Ranjit Sengupta is all smiles. Says he: "Our company was passing through a dismal phase and this order has come as a shot in the arm."

Under the contract, WVDL will export black and white (B&W) picture tubes as well as complete TV kits, which will later be reassembled. The annual demand for B&W televisions in Bangladesh is around 1.20 lakh sets; a major part of this is met by kits from China. Knight Electronics managing director Zahid Joarder, however, points out that the time lag between the opening of a letter of credit (LC) with China and actual delivery is around 3-4 months. This obviously serves as a dampener and the Bangladeshis have been scouting around for alternatives. WVDL, he says, promised delivery within 15 days and hence clinched the deal.

It is heartening to note that WVDL, which has been stumbling for quite a while, finally seems to be finding its footing. "Major expansion plans are on the cards," avers WVDL chairman Aloke Mookherjea. He proposes to hike the company's current capacity of 40,000 tubes per annum to 5 lakh by mid-1992. Besides, a glass-sealing plant is to be commissioned shortly to cut down on materials expenses by 25%. The company is also launching computer monitors which are expected to hit the market by end-1991. All this is at a cost of Rs 8.39 crore.



■ **MOOKHERJEA (L) &SENGUPTA:** *Getting a shot in the arm*

Despite the light showing at the end of the tunnel, WVDL, however, cannot lay claims to being completely home and dry. For, though turnover is expected to double to Rs 3 crore for the financial year 1991-92, losses are likely to be substantial. Furthermore, the company will have to maintain high quality standards to bag further export orders. Hopefully, this encouraging start will not be just a splash on the screen.

Canbay Polyfilm is implementing a Bopp project.

BITTEN BY THE FILM BUG

From running a Rs 3 crore clutch of small concerns, including a hotel, to implementing a Rs 15 crore Bopp (biaxially oriented polypropylene) film project is indeed a long hop. Especially, when the partner in the joint venture is the Karnataka State Industrial Investment Development Corp (KSIIDC). But Canbay Polyfilm chief promoter Mulky Nagesh is not sailing on Cloud Nine. He is focusing on getting the venture off the ground — and quickly.

There is some reason for the hurry: there are already seven Bopp units in the country, of which one makes only electrical grade films. However, against their licensed capacity of 15,000 tonnes per annum (tpa), production is estimated at only 7,000 tpa. Place that against a demand of over 10,500 tpa (if one takes into account only conventional applications of Bopp films) and it appears that a newcomer may stand a chance.



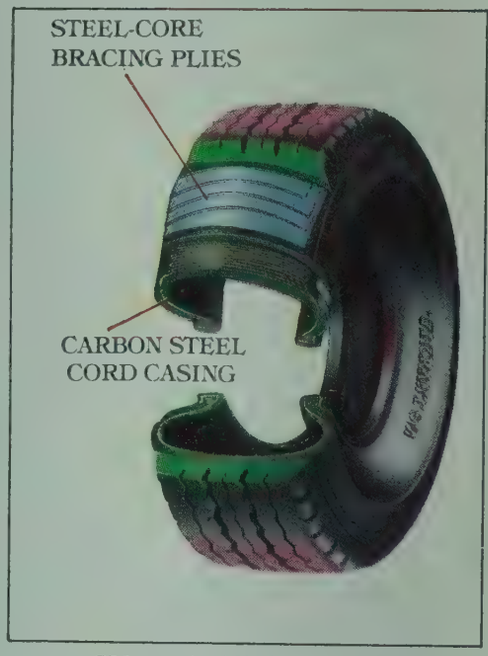
The Canbay project will be located at Bikampady, near Mangalore. According to Nagesh, technology, along with plant and machinery, is to be provided by German company Battenfield's UK-based operations. "We have been promised a line of credit by the Royal Bank of Scotland," says

■ **NAGESH:** *No problems*

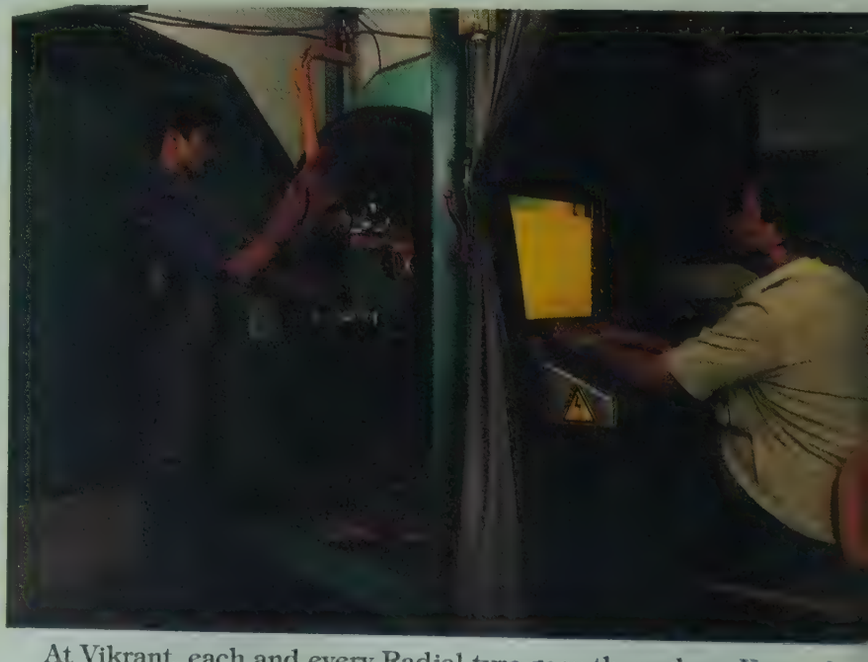
An open challenge

Has any tyre company made All Steel Radials for trucks The question now is : *why not?*

For most tyre companies, radials made with textile casing and steel belts represent the limits of tyre technology. The only company to have gone beyond these frontiers into the realm of All Steel Radials, combining steel casings with steel belts, is Vikrant. Vikrant makes these tyres for heavy commercial vehicles whose demands are greater than those of LCVs and cars Why is it, then, that Vikrant has succeeded and others haven't? The answer lies in Vikrant's approach to the radial challenge. Vikrant went about it with the single mindedness of an inventor. It tapped the vast technical resources of Avon, built prototypes, followed their performance, went back to the drawing board and carried out improvements. In other words, it didn't merely 'borrow' the technology; it tailored it, made it workable. In a sense, Vikrant invented this technology for



Vikrant's All Steel Radial


At Vikrant, each and every Radial tyre goes through an X-ray chec

from Vikrant.

and buses? Has anyone followed Vikrant's treadsteps?

India. The result is that India now has access to a special tyre that can bring down fuel bills by 4%. Consider this logic: if a transport corporation were to radialise 10,000 buses, it could, with the savings on fuel alone, add more than *one hundred new buses* to its fleet every year. In addition, the corporation would reduce annual tyre expenses because Vikrant's All Steel Radials travel twice as far as conventional tyres. The expected lifespan of a Vikrant All Steel Radial can be a staggering 200,000 kilometres or more. If this is the case for All Steel truck and bus Radials, as indeed it is, then why haven't other tyre companies invested in this technology? One wonders. Vikrant has shown that the Radialisation of public and goods transport isn't a simple matter of technology transfer. It requires the spirit of a pioneer, a deep understanding of the severe conditions and loading practices prevailing in the country. It requires expertise to create an All Steel Radial for this environment. The challenge is really that. A challenge that the others haven't yet been able to meet.



40,000 Vikrant Radials are already in service

Technology no one else has.

VIKRANT

he. The cost of imported plant and machinery is estimated at Rs 10 crore. (Incidentally, most Bopp film units in the country get technology from another German company, Brookner.)

The project has made some headway. "The company has been registered and land acquired. Within the next six months or so the infrastructure will be fully ready," says Nagesh. "We hope to start production by June next year." The first year turnover is projected at Rs 12 crore.

However, there are some wrinkles to be ironed out. For one, raw materials (polypropylene resin and additives) sourcing. As polypropylene resin is wholly imported, the current forex crisis and curbs on imports are not making things easy for users. Devaluation has, if anything, made matters worse. Second is competition. With more Bopp units coming into production, the going could get even tougher.

Nagesh is, however, hopeful that the raw material will be locally available from the Indian Petrochemicals Corp and Reliance in a year's time. He also sees the relaxation in capital goods imports and the cut in customs duty announced in the Union budget as positive signs. Besides, the fact that he and his co-promoters were preferred to established business groups like the Khataus, Videocon, Jalans and Agrawals is definitely a feather in his cap.

Nagesh is confident that the company will not run into marketing hurdles; the only other competing unit down south being the Madras-based MM Rubber. He places total demand for Bopp films in the south at over 300 tonnes per month and believes that customers in the region will prefer Canbay products because of savings in transportation costs. Sounds like a package deal.

Woolworth has embarked on diversification.

MOVING OUT

He's got the will; and the wool. And non-resident Indian Ajai Lohia, who first set up shop on Indian soil under the name of Woolworth India Ltd (WIL), has more than managed to spin a success yarn. Now he's no more sticking to the knitting; he's on the verge of spreading wings.

According to Lohia, WIL's two plants — a knitting unit at Raipur (Madhya Pradesh) and a silk yarn unit at Malda (West Bengal) — are doing exceedingly well. "What the financial institutions wanted us to produce by the third year has been achieved within nine months," he claims. The company has achieved sales of Rs 10 crore in the first nine months of operation. And it is all set to treble the spinning unit output from 5,600 spindles (with an average production of 2.5 tonnes a day) to 16,800 spindles (with a production of 7.5 tonnes a day). The bill is expected to be Rs 25 crore and commercial production from the added capacity is likely to commence from early next year.

WIL's silk project, which was wholly Malda-based so far, will spawn a sister unit at Raipur where the top-making process is about to start. "We shall export international-class silk yarn out of India," says Lohia.

And it is on this front that he's gung-ho. The global requirement is very large, he explains and, as the production of man-made fibre is limited, WIL stands a good chance of exporting its products. Silk is a value-added item, produced mainly in the small sector. Since silk yarn production is in-house at WIL, the quality of silk cloth will indeed be of export standards, promises Lohia.



LOHIA: *Spreading wings*

He attributes high value-addition as the main reason for the success WIL's worsted yarn project has chalked up.

So far the company has been able to export its entire output and "not a kilo has been sold in India." Clearly, this means that its products have met international quality requirements.

The next few months are slated to be "very crucial" for WIL, given that it is about to enter the fabrics and garments business. The plant is coming up fast at Nagpur but Lohia is reluctant to say much except that he is working on a 'coolwool' concept which will keep users as comfortable in summer as in winter. "We will be producing wool top for which the machines are being installed," says Lohia.

But silk and wool are not all that he's hoping he'll be worth. A diversification into drugs and antibiotics under the name Cureworth is what he's experimenting with. Currently in the Woolworth fold, the Rs 15 crore project (at Nagpur) will be handed down to his younger brother when production gets going.

Emboldened by the success of his initial small- to medium-sized forays in India, Lohia is blueprinting a clutch of new investment plans. Predictably, he'd rather keep these under his hat. "Wait for a year," he counsels. Will WIL pass the hat around then?

NEWS BRIEFS

■ The Reserve Bank of India (**RBI**) has enhanced the maximum **interest rate** payable on deposits for non-banking financial companies from 14% to 15% per annum.

■ In a bid to mobilise foreign exchange, the Life Insurance Corp of India (**LIC**) is to soon launch an **offshore fund**. According to LIC chairman M.G. Dewan, an agreement with the UK under which that country will invest £50 million is expected to materialise soon. A similar fund with a Singapore company is also on the cards.

■ A proposal to provide **bills discounting** facility to the **small-scale** sector through refinancing by the Small Industries Development Bank of India (**Sidbi**) is under consideration. Besides, a **separate body**, along the lines of the Board for Industrial & Financial Reconstruction (BIFR), for rehabilitation of **sick small units** is also expected to be set up.

■ In a bid to strengthen the **equity base** of **weak** nationalised banks, banking authorities have proposed a Rs 700 crore outlay for contribution towards their equity capital. As far as the stronger banks are concerned, the government is considering the possibility of allowing them access to the capital market for raising equity.

■ The Union government is considering a **proposal** to permit leading Indian private sector companies to issue bonds and shares in the **international markets**, according to *The Economic Times*. International merchant bankers like Merrill Lynch and Salomon Brothers are reported to have indicated to the finance ministry the possibility of Indian private sector companies garnering sums ranging from $500 million to $1 billion by floating convertible bonds and shares if encouraged to seek direct **foreign** equity **participation**.

■ Following the recent upward revision in interest rates for scheduled commercial banks' deposits and advances, the RBI has enhanced the **lending rates** of **urban cooperative banks** between 0.5% and 1.5% on working capital loans. It has also increased the interest rates for term deposits by 1%.

■ The Union government is reported to have approved a proposal to set up a new **international bank** to take over the existing network of overseas branches of all nationalised banks.

■ The rate of **tax** on dividend income received by **offshore funds** from units of the Unit Trust of India (UTI) (or other mutual funds) and on long-term capital gains received from such units is to be cut. On dividend income, the tax rate is proposed to be brought down from 25% to 10%. The rate on long-term capital gains too is to be brought down to 10% from the existing 45%.

■ The **World Bank** has suggested that the Indian government lower the combined cash reserve ratio (**CRR**) and the statutory liquidity ratio (**SLR**) requirements of banks by 24% from the existing 54%.

■ The Securities & Exchange Board of India (**Sebi**) has directed that **rights issues** above Rs 50 lakh should compulsorily be managed by an authorised merchant banker as the sole or lead manager. All issues up to Rs 50 lakh can be managed by either the issuing company itself or an authorised merchant banker.

■ Citibank has cut its **auto-finance** rates by 9-11% to 28-26% from the existing 37%.

■ The State Bank of India (**SBI**) has registered **record profits** of Rs 107 crore in 1990-91. Its total deposits and advances were to the tune of Rs 49,936 crore and Rs 40,438 crore respectively. Chairman of SBI M.N. Goiporia, in the annual report, stated that the bank had registered an impressive 19.2% growth in personal deposits. This, he said, was due to the increase in the interest rate on deposits.



GOIPORIA: *Scaling new heights*

■ Canara Bank subsidiary, **Can Fin Homes**, has declared a dividend of 12.5% for the year ended 31 March 1991. It has registered an 80% rise in post-tax profit. Meanwhile, another subsidiary of the bank, Canbank Financial Services Ltd (**Canfina**), is expected to go public soon.

■ The Asian Development Bank (**ADB**) is exploring the possibility of extending considerable assistance to India's **energy sector**. ADB director N. Morita, on a recent two-day visit to India, assured senior Indian government functionaries that for sound project proposals, ADB would extend " strong support."

■ The new budget presented on 24 July rang out several changes for the banking sector. In a bid to bring the Industrial Development Bank of India (**IDBI**) on a par with other financial institutions, the tax exemption granted to it earlier has been withdrawn. In another significant development, the government has decided to reintroduce **interest tax**. Besides, private sector and joint sector companies have been allowed to float mutual funds. Under the agricultural rural debt relief scheme, the government has made a provision of Rs 1,500 crore for reimbursement to commercial and co-operative banks. Then, financial institutions have been allowed to charge interest rates in accordance with a borrower's creditworthiness and the minimum lending rate has been fixed at 15%.

OVER TO ZEN

The rumours floating around were finally put to rest around end-July. Yes, confirmed daCunha



DABHOLKAR: *Moving on*

Associates: Bharat Dabholkar, the butterly man behind the Amul success, had finally left. After threatening do so on occasions in the past and being persuaded to stay on, Dabholkar this time finally put in his papers. And he did it in style. Taking along with him two senior people at the agency — Alaka Bhosle (vice-president) and T.N. Ravindran (media controller) and a few other executives, he set up his own shop — Zen Communications.

The grapevine has it that Transelektra Domestic Appliances' (TDA's — the maker of GoodKnight and Hit insect-repellents) R. Mohan is the man who's backing Dabholkar and crew. The rumour mills were working overtime. One went that TDA had even taken up a stake in Zen. TDA general manager (communications) Dev Nadkarni, however, denies this. Says he: "No way have we taken an equity stake." Then how does he explain TDA's handing over the GoodKnight and Hit accounts to Zen? Says Nadkarni: "Our relationship is the same as that of any client with its agency." That is as may be, but TDA is believed to be contemplating handing over the Snuggy diapers account to Zen also. Besides these, Zen has also reportedly pocketed some other accounts; among them Frooti and LIC.

Meanwhile, what about daCunha? Sylvester daCunha had told a Bombay daily that the parting was amicable and the show would go on. Was that the showman in daCunha talking or the adman?

NICHE PITCH

When you are in an arena that's the domain of the public sector gods, you have to be streetsmart. Especially if it's a slippery business like oil, and you are a late entrant. You could make regular sneak raids on the market and hope that in the process, you capture a patch of the turf. Well, that's been the stragegy of J.P. Goenka group company Petrosil Oil.

The outfit has, through its savvy positioning, earned for itself a reputation as a niche-marketer supreme. With Hindustan Petroleum, Bharat Petroleum and Indo-Burmah Petroleum commanding a 90% plus marketshare, Petrosil had no choice. "We had to target specific segments. Selling to the public at large would have brought us into direct competition with a large company," says Petrosil marketing coordinator Sanjay Bhargava. So it was that Petrosil launched motor oils specifically targeted at two-, three-, and four-wheelers — sometimes launching two oils targeted at the same vehicle but under different brandnames.

Says Bhargava: "Growth in this field in some sense was restricted because the government allocates fixed raw material quotas. We can only grow by increasing profits, which can be done by marketing more high-grade, branded products. Our product positioning focuses on quality not price."

Bhargava lays stake to another innovative strategy. Says he: "We introduced the genuine oil concept here — something prevalent in Japan and only now spreading to Europe and the US." It involves a tieup with an original equipment manufacturer (OEM) to produce an oil meant specifically for OEM vehicles. Thus Petrosil, in collaboration with Kinetic Honda, markets the Kinetic Honda 2T Oil. (But it pays royalty for using the brandname and logo on its packaging.) A similar deal with Bajaj Tempo fell through.

Overall, the tack has worked. Today, Petrosil's brands — Petsil GMO, Gulf Super Duty Oil, Gulflube XHD, Gulf Pride — have captured 1.5% of a guesstimated Rs 2,500 crore market.

Continuing with its strategy, Petrosil recently launched another oil branded Fast Trac. Aimed at the new generation motorcycles, it was launched in Bangalore first, and in the western and northern regions later. As Petrosil trails other private sector outfits like Castrol (6.5% marketshare) and Tide Water Oil (2.25%), the company's management is hoping Fast Trac will take it on a fast track.



SAUCY MINIS

After highlighting the difference, Nestle is trying out the ketchup market for size. The Delhi-based company has introduced its Maggi sauces in smaller 50 ml bottles, harping on the convenience factor. ("(It) lets you buy only as much as you need," says the ad.) Keeping the price at Rs 10, Nestle has apparently decided to take this route for only certain flavours (masala chilli and chilli garlic).

The company's ad headline reads: "In a world of Maha Colas and jumbo burgers, is there place for a mini?" Other players in this particular sauce segment have proved there is. Will the Maggi magic, which has been missing in almost all the recent brand extensions, work this time?

ADDING TO ADLAND

The Bangalore-based MAA Communications is sprouting subsidiaries thick and fast. After MAA Print & Production (Maapp), a subsidiary launched recently, it's time again for another. The latest offshoot is called MAA Retail Advertising, Marketing & Merchandising Services (Maarams for short). Kumar Vaidyanathan, ex-Dattaram, Bangalore, is to head the new outfit. A formal announcement is expected soon.

Bunty Peerbhoy's agency, however, has major designs as far as Maapp is concerned. It will cater to the specialised design, print and production needs of organisations. The services offered by Maapp include industrial and corporate folders, house journals, export brochures, annual reports, wall and desk calendars, leaflets, point of purchase (Pop) materials, posters, booklets, exhibitions, complimentary items, among a host of others. Explaining the rationale for setting up a specialised agency exclusively for a client's print requirements, Peerbhoy says: "Traditionally, an advertising agency has looked upon print and production as almost a subsidiary service and not a primary one. Consequently, more and more print work was being handled directly by the advertiser. This went against our own mission of anticipating client needs and fulfilling them by offering services no agency could offer. Maapp is dedicated to those heavy buyers of print who do not require large volumes of advertising and who do not have the benefit of the skills of a large agency."

Maapp, headed by B.P. Ravi Shankar, will add to the services already being offered by MAA which include (besides advertising), specialised issue support, direct marketing and public relations services (through its subsidiary, Corporate Voice), video productions and educational software (through Odyssey Communications) and registrarship and software packages (through Corporate Voice ARG). It will initially operate from Bangalore. Will Maapp leave its imprint on adland?

THE (G)IN THING

Shaw Wallace is breaking new ground in its next fortnight's launch of London Lime, pitched as India's first ever pre-mixed drink. "This dry gin spiked with lime needs no additives and is a premium cocktail targeted at the discerning drinker," says general manager (marketing) Ashok Swarup.

The launch strategy posed a particular challenge, since no pre-mixed drinks have been made or marketed so far in India. Shaw Wallace's marketers and ad agency Rediffusion's creative guys huddled up to analyse the cocktail's USP — and found the answer in the "Britishness" of its identity. Explains Rediffusion's Nirvik Guha: "Gin and Britain have a very strong association in the consumer's mind."





The startling visual interpretation of this conclusion is a tongue-in-cheek illustration of Prince Charles and Princess Diana, both in regalia, exchanging a confidence: "Don't add lime." Upper-crust Indian socialites, London Lime's potential consumers, will doubtlessly be tickled to be associated with royalty.

BRANDING A PAPER TIGER

MEHOOL PAREKH



For a long while, the media business stayed as it was: an arena controlled by a handful of barons who ran lumbering fat-cat companies. Then came the eighties' decade. And a slew of entrants strolled in. The upshot: the existing players had to work out new tricks just to stay on top.

Among the first to fire a riposte was the Old Lady of Boribunder. It came in the shape of greater marketing orientation. No doubt, the Times of India (TOI) group — as Bennett Coleman & Co, the publisher of *TOI*, is better known — had grown over the years and remained the market leader, but it had done so at a slow and steady trot and through traditional marketing methods.

But all that has changed now. Over the past three years, the Old Lady, after donning a new pair of heels, has been sprinting ahead like a 100-metre specialist, leaving the rest of the media gang far behind. Looking extremely fit and with the times, the group has been flaunting that rare streak of marketing chutzpah with some verve. The ruboff has been on the publications too. Looking slick and highly readable, they have been outshining the broadsheets in the media rat race.

> *The Times of India group's publications got labelled as 'brands' — probably for the first time in Indian journalistic history*

The man behind this transformation is the dimunitive Samir Jain. A typical embodiment of the brash, young, second-generation owner-manager, Samir Jain's obsession has been — you guessed right — marketing. On joining the TOI group in 1987, Jain noticed a few things. First, that *TOI* and *The Economic Times* (*ET* for short) were the leaders in their categories, having the maximum readership and circulation. But though they provided news, they did so in a rather lazy and insipid fashion.

Jain sought to change that. But he knew he couldn't do it all on his own. He roped in two marketing hotshots — S.K. Mehta from ITC and N.P. Singh from Hindustan Lever — as wholetime directors. A crop of management grads was also recruited. A direct fallout of this was that the group got a massive injection of consumer marketing culture. TOI's publications got labelled as 'brands' — probably for the first time in Indian journalistic history.

The new team started hunting high and low for means to strenghthen the 'brands.' Opportunity cropped up in the shape of the *TOI* sesquecentennial (the tongue-twister the group uses to say '150 years'). A melee of cultural happenings lasting a year-and-a-half followed. In the process, the 'brand' (*TOI*) gained even further respectability and people became even more conscious of the paper.

Simultaneously, the TOI Ghq in south Bombay underwent a radical transformation on the inside. A part of the building was done up to resemble the swanky interior of a five-star hotel. It was to house the advertising department — now renamed response — and its executives who took on fancy out-of-this-world designations like spacemen and spacewomen.

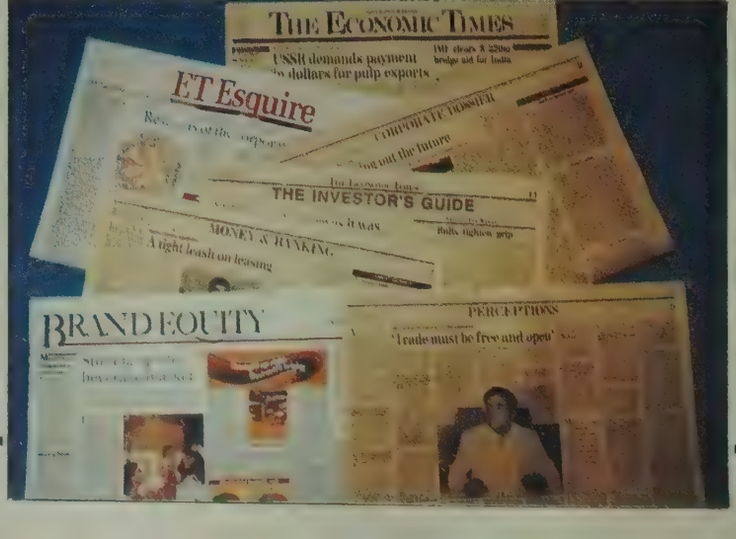
The efforts, however, didn't stop at that. The brands were also refurbished. A new editor — Dileep Padgaonkar — replaced Girilal Jain at *TOI*. And Padgaonkar went about his task like a man in a hurry. Business Times (an entirely new financial section), the Media Page and the Arts Page were added. Reporting also became bolder, and the news more reader-friendly.

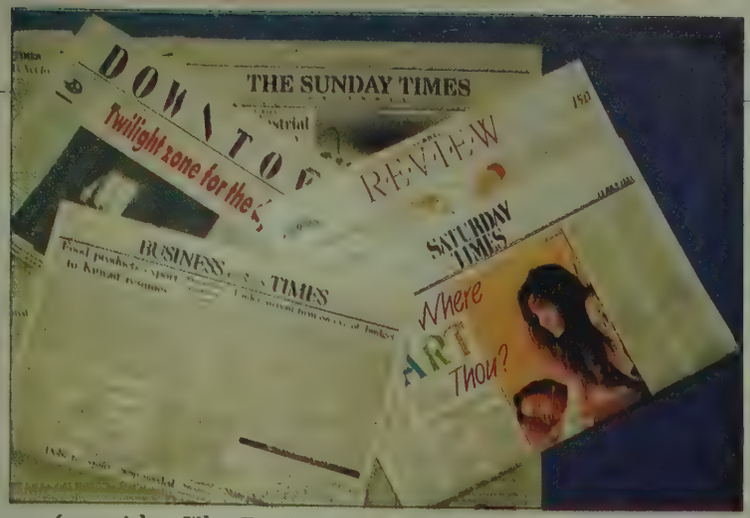
All this while things were happening at *ET* too. T.N. Ninan took over as editor from Manu Shroff. His entry heralded a metamorphosis at the financial daily. Ninan, using the skills he had honed at *India Today*, introduced a battery of features, articles and a pleasing layout, transforming the paper from a drab publication into a snazzy product. He also launched magazine-type add-ons — *ET* Esquire (executive lifestyle) and Brand Equity (advertising). Besides, he took *ET* the *Financial Times* way by changing its colour to pink. (Today, *ET* offers 16-18 editorial pages and is, arguably, one of the best business dailies in the country.)

The market responded warmly and the circulation rose. Although *TOI* is the strongest in Bombay, in terms of all-India circulation and readership, it beats the pants off every English daily. Similarly, *ET* is the largest-selling financial paper in the country. Audit Bureau of Circulation figures reveal that *TOI's* circulation has gone up to 6.3 lakh and *ET's* to 1.05 lakh nationally in 1991.

But if the rise does not look impressive, consider this: *ET's* sticker price has gone up from Rs 1.50 in 1987 to Rs 5 today. The ad rates for *TOI* have gone up from around Rs 200 per column centimetre to a little over Rs 600 now. Though a part of this can be attributed to higher input costs, it still leaves a lot of the pickings for the group. In plain lingo, it means that the 'brands' have become immensely profitable.

Although the group is chary of talking figures, reliable sources reveal that, in just over three years, *TOI* and *ET* have both doubled their





profitability — no mean achievement by any standard. By recognising the one fact that it is in the newspaper business to make money, the group has been able to see with clarity what others have so far missed.

Says Singh: "People have different motives for running a newspaper." True. Some run it to gain political clout. Some, to have a voice of their own (consider *The Business & Political Observer* and the Ambanis). Some see themselves as crusaders and seek to influence political events a la the Express group. The folks at TOI have, however, made money their focal point — everything else is secondary, as the group has little other business interests.

Marketing a newspaper is a two-step operation. The first concerns generation of a readership base. For that, the editorial content and the circulation process play a very important part. The first, the group was already correcting. The second needed some working on. On the whole, the entire operation is extremely cost-heavy. The fact of the matter is that the cover price of a newspaper or a magazine can never cover actual costs. "In fact," says Singh, "*TOI* would lose Rs 12 lakh a day if it were to have no ads."

This brings us to the second step of the operation — selling a newspaper's existing audience to advertisers and ad agencies. The TOI group reasoned that if its publications could be made stronger and "ad relevant," a premium could be extracted from the advertiser. Both the papers, *TOI* and *ET*, had — and have — a sharply-defined readership. While *TOI* could easily have increased circulation by making the paper available in the interiors of the country, the new readers would have had little relevance to advertisers. It, therefore, refocused itself to make itself more appealing to a specific and sophisticated readership. Similarly, the *ET* brass also realised that a majority of its readers were price-insensitive, but demanded more value for money.

The strategy, therefore, became clear: increase ad rates for *TOI* as a premium for the relevant reach and increase *ET's* cover price and ad rates to finance the paper's better quality. All indications so far seem to show that everything has worked out right. *TOI*, for example, has achieved an unparalleled reach into homes with good purchasing power and upper middle-class lifestyles and ambitions. Thanks to this, the *TOI* reader has become most coveted by admen.

Besides, a booming bottomline has helped offset the higher cost of the improved contents and justified the investments made by the group in technology and new printing facilities. It has also helped the papers beat back the stranglehold the ad agencies had on the media business. "We always used to have a cost-plus pricing for our ads," says Singh. Now, despite some early confrontation, admen have veered around to the changed scenario. Although a paper still cannot call the shots, a healthy respect has now taken the place of the utter disregard of earlier days.

But there is a serious downside to the story. Mediamen rue the advent of the 'editor-as-businessman' class, which has sprung up at the TOI group. Some say that *TOI* has ceased to be an editor's paper. Old-timers recall earlier editorials which used to make and shape opinion and responses among readers. By their standards, today's *TOI* lacks editorial punch. Experts (meaning senior journalists, editors and past editors) deride the sharp drop in the paper's editorial quality. They say that the paper's special features on industry, trends, among others, once looked upon as a source of information today bear the stamp of a press release by an advertiser. (That's surely a matter of perception as there is a school of thought which sees an improvement in the editorial content.)

The TOI group is on the defensive on this one. Singh sees no reason why an editor should not be more market-oriented. As regards marketing, Singh says, that *The New York Times*, "has 17 vice-presidents for marketing — one each for classifieds, displays, among others." In fact, the TOI group's move is seen as a part of the emerging trend worldwide to integrate editorial efforts with marketing within the top management.

But the TOI group's strategy has not spelt success on all fronts. Look at the way its attempts to revamp *The Evening News of India* and *The Illustrated Weekly of India* have fared.. While *The Evening News* has already faded into the dusk, *The Weekly* has been performing weakly for quite a while now. Besides, *Science Today* is also displaying a lack of chemistry with its readers in its new avatar. *Indrajal* comics has been written off and *The Independent* seems unlikely to be financially independent for a long time. According to company insiders, a marketing orientation means that brands with no future have to be withdrawn. It will be a measure of the spread of that orientation when more lame ducks are put out of their misery.

The Times of India group's move is seen as a part of the emerging trend worldwide to integrate editorial effort with marketing

The failures despite, both sides of the concept being tried at the TOI group merit consideration. Should a paper not use marketing principles to make money? On the other hand, should a paper compromise on editorial matter and quality to endear itself to its advertisers? The debate has been raging for sometime in the Indian media. On the one hand lies increased profitability and the stark commercial reality of the newspaper business — an anathema to ivory-tower editors who see themselves as caped crusaders for the public good. On the other lies respect, stature and peer admiration. From being on one side, the TOI has swung to the other. Whatever the media opinion, for the moment, however, the TOI group is thriving on the maxim: marketing is everything. No offense, Mr Regis McKenna.

• *The author is a partner in a Bombay-based consultancy firm.*

FROM HERE TO PROSPERITY?

S.V. KUMAR



So, it has finally happened. India has shifted to a free market economy by restructuring, de-regulation, open trade, privatisation, devaluation, subsidy abolition — the whole package. Crisis was the compulsion, impending insolvency the trigger.

Upside, hopefully, it will mean that Indian exports will become cheaper and imports costlier, thus saving foreign exchange; trade and industry will be able to function without controls; the trade deficit will swing to near-balance; the consumer will get better products; inefficient companies will no longer be mummified and kept alive on artificial life-support systems at the taxpayer's cost; and the budgetary deficit will be slashed.

Downside (and more probable), industry will lose the protection it was sheltered under for four decades; inflation will rise at least for the first two years; unemployment will result; bad debts of banks will increase as weak borrowers buckle under; and even exporters will discover to their consternation that the premium on their exim scrips will be offset by cash compensatory support (CCS) abolition and inflation-indexing.

The Indian economy has been administered the best possible medicine in the present circumstances. All that's left now is to make it work

In retrospect, it was a Tina (there is no alternative) situation. There were no soft options left, no more hope for woolly idealism and obsolete Fabian socialism, or justification for the festoons of red tape that steadily strangled Indian economic growth since 1950.

All that can be done now is to make the restructuring work. Sterile academic debate is out, strategically planned action is in. The key is to improve our international competitiveness. Ex-CEO of General Electric James Baker summed it up thus: "If you can't compete, automate, emigrate or evaporate." The operative word is 'compete.' It will be socially regressive to cut employment by automation and we are not a capital-rich land anyway. Our industries cannot emigrate as India is itself reckoned a low-wage area. And evaporation is obviously not an acceptable option.

So, how does a country, which was economically xenophobic for 40 years, suddenly develop international competitive efficiency? Especially when over half its export basket consists of traditional products and primary commodities with inelastic demand? And when it has no technological leading edge on its manufactured inventory?

There are ways. Fortunately, we have a large databank of successful precedents to draw upon.

■ **Foster domestic competition.** Our industry has long remained inefficient and uncompetitive because of mindless protection. The recent improvements in marketing techniques and product quality after the modest liberalisation of 1985 show that management and production skills have not totally atrophied. As Michael Porter (*The Competitive Advantage of Nations*) remarks: "Nations don't compete in international trade; companies do." Japanese companies' success abroad is due to ferocious competition at home.

■ **Increase R&D outlay.** With a few honourable exceptions (like Bajaj Auto and Telco), Indian corporations regard R&D expenditure as a tax-shield. This was fine so far, but, increased competitiveness mandates an enhanced product which can emerge only from sustained R&D programmes. When Japanese companies face a crisis, the managers take a paycut and hire more engineers and researchers. They now lay aside 5% of profits for R&D. Sadly for India, this area has been left to the state industries which, though intellectually well-staffed, don't know what the market needs and lack the commercial responsibility to push through really relevant product programmes. The corporate sector will now have to do its own R&D with regular appropriations from earnings as a survival strategy.

■ **Import technology, not products.** Technology is seed-corn and is worth the sacrifice of foreign exchange acquired even at a premium. Components for use on a screwdriver assembly line are not. The sorry saga of the past five years is that the PMP (phased manufacturing programme) was not taken seriously and that we still rely on imports of special steels, TV tubes, automobile engines, microprocessors and semi-conductors. Again, however wearisome the process, one must look to the Japan of the sixties, when scarce foreign exchange was spent, not on importing assembled radio sets, but on patent rights to produce transistors.

■ **Friendlier vendor-relations.** No competitive large industry even thinks of making all components in-house, for there lies the path to bankruptcy. Yet, satellite suppliers are treated by purchase managers as competitors not collaborators. Negotiations focus on price, not quality.

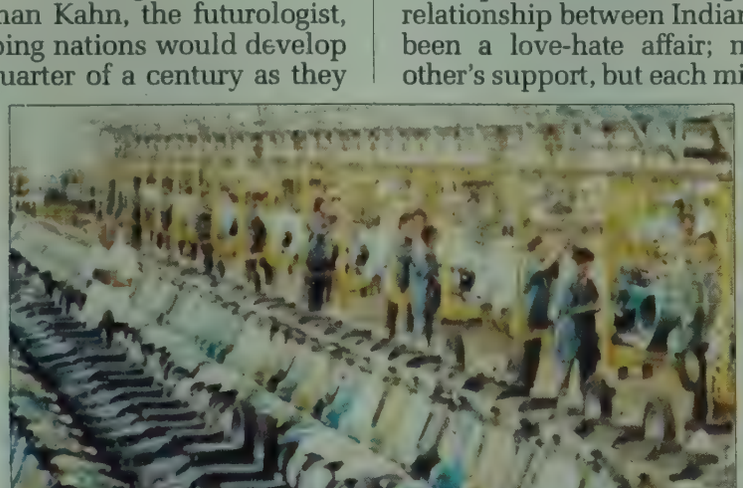
JCT ELECTRONICS' TV TUBES PLANT: *Despite indigenous efforts like this, imports still take place*



The objective is to drive down the vendor's rates; the latter responds by diluting quality. This adversarial relationship is counter-productive. Purchase managers should ponder over the sob-story of Toyota Motor which had two competing suppliers for one component. Toyota kept pushing their prices lower till the weaker vendor collapsed. The survivor — now the monopoly supplier — jacked his rates to recover all his losses.

Buyer-vendor relationships should be based on trust, backed by penalties. Why should the purchaser waste astronomical sums on an expensive army of quality inspectors and inventory controllers? Quality should be made the supplier's responsibility, with the understanding that he pays the costs of warranty claims for product defects arising from his components and that, say, 20 such claims will get him struck off the approved list. R&D findings should be shared with suppliers to cut lead times in product development, tooling and testing. Older suppliers with proven high-quality standards should be allowed price-premia for inflation-indexing.

■ **Foreign collaboration.** Herman Kahn, the futurologist, predicted in 1965 that developing nations would develop shorter learning curves in a quarter of a century as they would be in a position to buy technology from, or collaborate with, Western and Japanese corporations competing against each other. Time has proved him right. With the liberalisation of the Foreign Exchange Regulation Act (Fera), Indian industry can now negotiate harder deals with transnationals, offering them the blandishments of a lower wage structure, a good record of profit-repatriation, highly-developed managerial and technical skills, no language barriers and a stable gun-platform to fire from at the hottest growth market — the Pacific Rim. The obvious benefit is that Indian firms need not re-invent the wheel for exports; product processes, tooling and capital assets will all flow in, ready for use.



THE BAJAJ AUTO PLANT: *An honourable exception*

■ **Product focus.** India has designated 36 products in its export basket as "thrust" items. In contrast, awesome Japan Inc derives 80% of its export earnings from just four items — semiconductors, steel, automobiles and consumer electronics. There must be a moral here. It is impossible for a nation to excel globally with such a dispersed catalogue as India is trying to do.

■ **Collaborative marketing.** Unrelenting domestic competition is the intensive net practice Indian corporations need to perform effectively in the test match of international trade. However, collaboration is the key there. Indian bidders for overseas contracts should not undercut each other. They should instead grade their tenders so that one ends up the lowest; the winner will share the spoils by subcontracting work to his erstwhile rivals.

■ **Cost cutting.** Quality, as the high priest of quality control Edwards Deming proved, is less expensive. There is no outgo on returns, replacements, warranty processing, claim payments, litigation or repairmen's visits; neither is there the drained public confidence which follows negative word-of-mouth advertising. However, the Indian businessman has developed several unnecessary and expensive habits like incessant travel when a phone call or fax would serve; conferences, conventions, symposia and seminars in luxury hotels; and overstaffed head offices with several departments duplicating each other's functions. This high tail-to-tooth ratio adds to costs with no increase in productivity.

■ **Sensible labour legislation.** The worst excesses of Fera and MRTP (Monopolies & Restrictive Trade Practices) have been restrained but other counter-productive laws live on. One example is the Bonus Act, which is as perverse a law as can be conceived by the human mind. How can, and why should, loss-making enterprises pay a bonus? All bonuses, salary and wage enhancements should be linked to productivity and profit. Stock options, subsidised housing and no-profit company stores are far more recognitive of honest endeavour and human need than unearned bonus.

■ **Cooperation between government and industry.** The relationship between Indian industry and government has been a love-hate affair; neither can exist without the other's support, but each mistrusts and cheats on the other. When industry protested against a deterrent tax structure, the government reduced it; industry responded by continuing to evade taxes and government retaliated by resorting to humiliating raids and arrests. Industry associations condemned the state's over-regulation, but lobbied for its permanent protection from imports and domestic competitors. The government's foreign exchange regulations were neatly sidestepped by industry's practice of over-invoicing imports, under-invoicing exports and stashing the resulting plunder abroad. In sum, Indian industry and government deserved each other.

These hostilities must cease if the country is to stumble back to solvency. Every allegedly-free enterprise economy lives with government control. The US has the most Draconian anti-trust regulations in the world. Japan is the most meticulously-controlled economy with the government even deciding which industries shall be administered euthanasia and which products shall be exported and where key to a peaceful, if not loving, coexistence between industry and government is the spirit and degree of such regulation. State intervention to protect labour rights and promote industrial growth is necessary; interference in routine operations is not.

Japan's ministry of trade & industry (Miti) is perhaps the most effective example of constructive collaboration. Germany's system of constant interaction between the Deutsche Industrie Verbund (German Industry Association) and the Federal government is the ideal. The Indian economy, requires such relationships. In international trade, as in the contemporary genre of western movies, there are no heroes and villains. Only winners and losers. Indian industry now has the choice of which it wants to be.

• *The author is the chief executive of Bank of Oman, Bombay.*



Good Morning.



Good Night.

Rising prices are posing a threat to the economy.

CAN THE INFLATION MONSTER BE CHECKED?

The Congress reiterates its firm resolve to use the full power of the state to arrest the rise in prices and bring down the prices of essential commodities and articles of common consumption.

— From the Congress(I) election manifesto.

That's electoral bombast for you. However, with the inflation monster on the prowl, it requires more than third-rate lines from the soap-box opera to bring it under control. This a professional economist like Manmohan Singh was bound to understand. Within days of his taking charge of the hot seat in the finance ministry, Singh openly exposed such pronouncements for what they really are — mere electionspeak. For this show of common sense, he has had to face the ire of the khadi brigade. But, as the finance minister very well knows, making inflated electoral promises is the easy part. Arresting runaway inflation is definitely a different ballgame.

Shorn of all obfuscations, inflation merely means that your hard-earned rupee no longer goes as far as it used to. For the common man, blissfully unaware of fashionable jargon and economic mumbo-jumbo, this hard fact is the most important manifestation of the macro-mess that is the Indian economy. That is why inflation is considered such a serious economic problem. Unlike other problem areas, it involves us all. Hence the very real danger of a loss of confidence in the entire economic system itself. "Inflation is bad but inflation psychosis is worse," says noted consumer activist M.R. Pai.

With the spectre of runaway inflation threatening the Indian economy, the common man is already feeling the pinch. He is bound to grimace and ask: "Why?"

And he will be right in doing so. After all, the past decade has hardly been a disastrous one. Despite other problems, production moved up at a steady clip as the Indian economy finally escaped the clutches of the tortoise-trot Hindu rate of growth. In many important sectors, shortages have become less endemic. In some, they have evaporated. More importantly, the agricultural sector has managed bumper harvests for the past three years. This is hardly an appropriate backdrop for an all-round price increase.

Economists have a ready explanation for this paradox. Though production has moved up impressively, demand expanded at an even faster pace. To finance the budgetary and fiscal indiscretions of the late eighties, the monetary authorities went on a binge and flooded the economy with excess money supply. This, in economese, is the "monetary overhang." The increases in money supply in the Indian economy were 15.2% in 1988-89, 22.2% in 1989-90 and 15.9% in 1990-91, much more than the increases in output. The bill had to be paid some day. As too much money chased too few goods, the result was only to be expected: inflation.

We have inherited an economy in a shambles. Inflation over the past year has gone up by 12-13%

Manmohan Singh

Union finance minister

Secretary-general of the Federation of Indian Chambers of Commerce & Industry (Ficci) D.H. Pai-Panandiker has another way of looking at this problem. He, like some others, is not fully convinced by this explanation. "To a certain extent, it is a theoretical viewpoint. In practical terms, in the last year or so, inflation has been a cost-push one rather than a demand-pull one," he says. "Devi Lal took a political decision to push up foodgrain prices by 10-12%. Also, last year's budget and the rail freight increase by the V.P. Singh government had an inflationary impact. So also the Gulf surcharge," he explains.

The onus of the current inflationary run has been placed at the door of the previous government. It also implies that if wrong government policies are the cause of inflation, sensible policies can do much to arrest the growth in prices.

When previous finance ministers have faltered, can Manmohan Singh



PRICES: UP, UP AND AWAY

	Pre-budget	Post-budget
Wills filter cigarettes (10s)	7.00	8.00*
Minimum taxi fare (Bombay)	6.00	7.00
Petrol (litre)	13.72	16.40
Kerosene (litre)	2.66	2:42
Hero Honda CD 100	28,805	30,730
Premier Standard	1,47,239	1,79,907
Maruti 1000 Std (ex-factory)	3,19,152	3,30,177
CTVs	11,000-29,950	12,000-32,000*
Videocon VCR	16,450	18,500*
Air-conditioner (1.5 tonne)	29,000	32,200
Refrigerator (165 litre)	7,640	8,000
Jam (bottle)	24.60	24.60*
Free-sale sugar (kg)	10.50	12.00
Surf detergent (2 kg)	48.50	67.66
Close Up toothpaste (100 g)	13.60	14.08
Base interest rates+ (%)	16.00	17.50
Bulbs (100 w)	10.00	9.00

* *BW* estimates since prices were not fixed at the time of writing.
+ indicator for consumer lending rates.

pull off the trick? The very fact that he admitted he could not roll back the prices of essential commodities within a hundred days shows the enormity of the task facing him. "We have inherited an economy in a shambles. Inflation over the past year, whether measured in terms of wholesale or consumer prices, has gone up by 12-13% per annum. The worst part of it is that this rate of inflation was concentrated in essential commodities despite three bumper harvests," says the finance minister. He has to act quickly to stem the rot. For not only is inflation disastrous for the health of the economy, it can go a long way in threatening the uneasy stability of the present government.

However, as he undertakes his mission of adjustment with a human face, the finance minister may be forced to compromise on the inflation front. Among those who will be forced to tighten their belts will be the already emaciated Indian consumer. Unfortunately, the question now is only how much inflation. Even more unfortunately, the answer is not very encouraging. "Recent policy pronouncements — devaluation, the introduction of exim scrips and budgetary price increases — will probably take the general price level up by 15%," notes Titan Watches managing director Xerxes Desai.

Much of it now seems inevitable. Take devaluation. To help tackle the problem of the growing trade deficit, the finance minister devalued the rupee by 20% against the major international currencies. To urgently tackle the imbalance on the current account, he had hardly any acceptable option.

INEVITABLE FALLOUT

Devaluation, however, has one inevitable fallout. As the value of the Indian currency slides, the prices of imported inputs rise. This eventually finds its way in the retail prices of the finished goods. The effect of the introduction of the new exim scrips, which replace the erstwhile replenishment (rep) licences, will have an effect along broadly similar lines. As companies are forced to live within their foreign exchange means, the import-hungry industrial sector will be forced to pay, according to expectations, heavy premiums to purchase exim scrips. The extra money spent in acquiring these scrips is bound to make itself felt, at least to some extent, on the prices of the manufactured goods.

The quantum of the price increase, of course, will depend on the import intensity of the industry. Not surprisingly, the consumer electronics and the white goods sectors, which flourished during the carefree, import-happy days of the Rajiv era, are expected to be the worst affected. However, according to finance ministry calculations, though the effects of devaluation will include an element of cost-push inflation (which did manifest itself in the fortnight after devaluation), the total effect on the general price level will be limited. This is because imports currently account for less than 10% of the gross domestic product (GDP).

The budgetary price increases give more cause for worry. The government is under pressure from the International Monetary Fund (IMF) to reduce the size of the fiscal deficit from 8.2% of GDP to 6.5%. That, according to reports, is the basic precondition for getting IMF dole. The government, obviously, had two options — slash expenditures or wield the tax axe.

The former is the logically preferred choice. Unfortunately, it is also the politically inconvenient one. Few governments can let economics be in command and muster the guts to do a hatchet job on their expenditure levels. For a minority government to attempt to do so can prove to be nothing less than suicidal. Even a minor tinkering with expenditure by cutting the notorious fertiliser subsidy has raised the ghost of a nationwide revolt of the kulaks. Brave actions will have to wait for another day.

Not surprisingly, the easier route was chosen. One way of doing so was by hiking excise rates by 5-10% across the board. Not even the layman can fail to see the inflationary impact of this act. The cruel truth has been lost on no one. Besides the general excise hike, tax rates on a whole range of products were upped by substantial amounts. Almost as soon as the budgetary proposals were announced, manufacturers started working out the new prices for their products. And, in a multiplier effect, the prices of other goods which are not directly affected by the budget proposals are also bound to move in an upward direction. Take two-wheelers, for instance. Here's what Bajaj Auto chairman Rahul Bajaj has to say: "Though two-

BAJAJ: *People will opt for bicycles*



wheelers have been exempted from the excise duty hike, the cost of the finished goods will definitely rise. This is because of the excise burden on inputs like shock absorbers, carburettors and non-ferrous metals like copper and zinc."

But there is another aspect of the current inflationary situation. If prices rise too high, consumers may decide to postpone purchases of many commodities. At worst, they may do without. The result: shrinking sales for companies. And further down the road, bruised bottomlines. In order to discourage such consumer resistance from building up, companies may not pass on the entire higher cost to the final consumer. Rather, part of it may be absorbed as a loss. Already, there are indications of this happening. Between March 1990 and March 1991, the wholesale price index for food and non-food primary products increased by 19.7% and 20.5% respectively. Fuel prices went up by 17%. Manufactured products were, however, more expensive by only 8.2%, lower than even the 12.2% rise in the general price level. One possible explanation for this is that producers of manufactured goods decided to prop up sales by absorbing part of the hike in their input costs.

Already, the finance minister has announced his intention to squeeze excess demand out of the economy by following tight monetary and fiscal policies. This could prove to be bad news for most companies. Between the twin pitfalls of higher prices and lower sales, they will have to do the balancing act. How they do so depends on the conditions of each sector affected by the budgetary proposals. Consider:

■ **Food.** The most crucial set of prices. "From my studies of inflations in the past, the increase in the prices of food articles has always been greater than the increase in the general price level," notes M.R. Pai ominously. Besides other things, a major reason for this could be the increase in fertiliser prices proposed in the current budget. The government's chief economic advisor, Deepak Nayyar, estimates that the increase in fertiliser prices will increase the cost of paddy by Rs 7 per quintal and of wheat by Rs 8 per quintal. And it could be much more by the time it reaches the final consumer. Besides, there is always the threat of a further rise in food procurement prices. And, as the recent records show, a good harvest will not be of much help on the price front.

■ **Fuel.** Despite the end of the Gulf war, the Gulf cess in the price of petrol continues. Similarly, ignoring the fall in international oil prices, the government has once again upped the price of petrol. Though this may prove to be beneficial to the economy in the long run, the immediate effect of this act is to further fuel the inflationary fire. Thankfully, kerosene prices have been scaled down.

■ **Transport.** As a result of the increase in petrol prices, the costs of both public and private transport have gone up. And this in the wake of the recent hike in railway fares.

Besides, for those contemplating buying their own means of transport, the decision is going to be more difficult now after the budgetary proposals. And further price increases could be in the offing. "The prices of our products may go up by 3-4% more in the next couple of months. We are getting letters from steel and aluminium suppliers asking for a rise in their prices," says Hero Honda general manager (finance) P. Dasgupta. Not all of it may be passed onto the consumer. "The profit margin per vehicle may come down a bit as we might be absorbing a part of the increase in input costs," says Dasgupta. This, in a sector not directly affected by the excise hikes. The car manufacturers could be in an even more difficult position. "We'll probably see a rise in the sales of bicycles!" says Bajaj.

■ **Synthetic textiles.** Another area not directly affected by the budgetary proposals. With the hike in the price of petroleum, the price tags of petroproducts like dimethyl terephthalate (DMT) and purified terephthallic acid (PTA), which are key inputs for the synthetic textile industry, may rise. Already, according to reports, PFY (polyester filament yarn) prices have gone up by Rs 11,000 per tonne, which is in addition to the rise of Rs 5,000 in early July. Says Association of Synthetic Fibre Industry (ASFI) president S.R. Rathi: "The increase in the prices of all petroleum products will have a cascading effect on the input costs of the synthetic fibre industry. The benefit extended under the Modvat scheme will be nullified because of the hike in input costs."

The consumer of synthetic textiles, however, may not have to shell out more. A similar combination of increasing input costs and excise duties in December 1990 had not been translated into higher cloth prices. The reason: stiff competition from cotton textiles.

■ **White goods.** This sector is already bleeding red. Under the guise of containing "conspicuous consumption," the government has burdened it with yet another excise hike. The whole range of consumer durables — VCRs, televisions, washing machines, refrigerators — will now cost a pretty pile more. "I believe that consumer electronics is doomed. This budget has definitely brought it down to its knees," complains a director of Solidaire India.

Other industrymen are only slightly less pessimistic. Says Bush India chairman Tirath Mulchandani: "As far as electronics is concerned, the market is stagnating whether there is inflation or not. We can expect a bright future only if we move into exports." By making these white goods even more expensive, the government has succeeded in driving their prices out of the reach of the lower middle class. Unfortunately, they will now be the exclusive privilege of the affluent.



(FROM L TO R) DESAI, PAI-PANANDIKER & SHELGIKAR: *Blaming the budget*

Says Videocon director S.K. Shelgikar: "Since the dawn of economics, nobody including Adam Smith could define necessity, comfort and luxury; what may be a necessity for X may be a comfort for Y."

His view is echoed by Weston Electroniks managing director Sunder Vachani. "I believe that they have increased the duty on items like colour TVs just because they wanted to project the government as pro-poor and anti-rich. I am sure this hike in excise rates will not result in any revenue gains because of the decline in sales," he says. According to Vachani, sales of colour TVs fell by 7% in 1989, 10% in 1990 and they could very well fall by 15-20% in 1991.

■ **Restaurants.** Yet another populist ploy. Hotels and air-conditioned restaurants have been slapped with 20% and 15% imposts respectively. Besides, with the current explosion in food prices, prices could go up even more than this amount. "But I don't think this will affect our clientele at all. Because people come here for good food and that will always continue," says Chopsticks (a Chinese restaurant in Bombay) owner Prakash Ahuja.

■ **Cigarettes.** A surefire victim of any budget. Smoking them is now injurious not only to your health but also to your wallet. "There is a limit up to which duties can be raised and we have crossed that limit," says Godfrey Phillips chief executive Ram Poddar. "Last year there was no growth in the sales volume of cigarettes and this year I expect a negative growth. People will either shift to non-excisable bidis or to smuggled brands," he adds. In fact, with a premium cigarette now priced at Rs 25 per 20-stick pack, the price difference between local and foreign brands has been whittled down to a mere Rs 3.

■ **Processed foods.** This industry has got the excise exemption sop. Despite this, consumers can expect little relief by way of price cuts. The best that one can hope for is stable prices. According to a Nestle spokesman, the actual contents of the can make up only 24-35% of the final value of the finished product. Hence the Rs 2,000 crore food processing industry ends up paying excise on only this small portion. The lion's share of the cost is accounted for by packaging, which has got no excise relief. The upshot: no fall in prices despite the withdrawal of duties.

■ **Consumer loans.** For those who still have the desire to buy despite their wallets not backing their desires, consumer finance is always an option. But no longer a cheap one. "Finance companies will be getting their funds at a higher cost, and therefore their package will become more expensive," says ex-Indian Merchants' Chamber president Mahendra Sanghi. With the freeing of interest rates, the cost of borrowed money has gone up. "We will increase or decrease our interest rates depending upon the availability of money," says Citibank's head of national consumer banking Ravinder Bahl. An added factor is the reintroduction of the 3% interest tax. This is estimated by bankers to up interest rates by a further 0.5-1%. Despite this, Bahl is confident that the loan rangers will flourish. High interest rates will not dampen the demand for finance.



(FROM L TO R) SANGHI, PAI & BAHL: *Foreseeing expensive times*

The spectre of inflation very truly threatens the Indian economy. This current run is definitely driven by higher costs which have fed upon the earlier demand-based factors. Its effects are now evident. The standard of living of the Indian people cannot improve as "luxuries" are puritanically priced out of their reach. Potential consumers are driven away by higher prices, and sales dip. Companies try to absorb part of the price hike and their balance-sheets become less healthy. And, most importantly, political stability and social peace are torn asunder. Lenin, who should know, once said that the best way to destroy a country is to ruin its currency. It is a prophecy worth remembering.

What then is to be done? The onus is definitely on the government. A fact to which it turned a blind eye till recently. Says former planning commission member A. Vaidyanathan: "The budget comes in the wake of a crisis that has been building up for years. It has been at least 10 years in the making."

The main problem, however, continues to be the fiscal deficit. Till the government sets its own house in order, inflation will continue to be on the rampage — fuelled by either excess liquidity or excise hikes. Both ways, however, it is the Indian consumer who suffers.

The finance minister, whose commitment few can doubt, is confident he can control the monster. "If I have a tight fiscal and monetary policy, then I can ensure that while some prices go up, others can come down," he says. Adds Pai-Panandiker (quoted earlier): "Manmohan Singh's budget is generally disinflationary taking into account all the steps he has promised to take."

But the results of these policies will not be seen at once. Inflationary pressures have been building up in the economy over the past decade and the process of price rises has acquired a momentum of its own. Of course, the government has the option of drastically deflating the economy by squeezing out demand. But this can be done only at the cost of declining sales and stagnation. A Catch-22 situation.

Till the effects of fiscal discipline and deregulation are felt, we have to learn to live with inflation. "Controlling inflation is like trying to put toothpaste back into the tube," says a Voltas spokesman. The metaphor is apt. Manmohan Singh has a sticky problem on hand.

□ Niranjan Rajadhyaksha
(With bureau reports)

A PATH-BREAKING BUDGET

H. P. RANINA

Considering the critical state of the economy, Union finance minister Manmohan Singh has done a splendid job in containing the budgetary deficit and proposing anti-inflationary measures, while restricting the additional tax burden on the corporate sector to the bare minimum. This budget is a watershed in India's fiscal history and the policy changes announced will bring about a sea change in the economy.

The industrial policy cannot be considered an effort to please the International Monetary Fund (IMF) as is commonly believed; the proposed changes are of an inevitable nature which no government could have avoided implementing. The fact that the new industrial policy gives a go-by to the licence-permit raj indicates that economic realism has finally come to stay in India and that the ideological blinkers have been removed.

The most important pronouncement made by the finance minister, which has gone unreported, is that he has proposed to reduce the marginal rates of income tax during the five-year term of the present government. In view of the fiscal constraints, he has not been able to reduce the rates of taxation for the current year. But there is a clear indication that the maximum marginal rate of tax will be brought down to 45% in the coming years, once the present fiscal crisis has been overcome.

Most of the election promises of the ruling party have been fulfilled. To what extent prices of essential commodities will come down, however, remains to be seen, considering the fact that the substantial hike in petrol prices will have a cascading effect on prices of all essential commodities.

The finance minister has attempted to harness resources from the parallel economy for productive purposes by announcing several schemes. Under the first, unaccounted money can be deposited with the National Housing Bank (NHB). Out of the deposited amount, 40% will go to form the corpus of the NHB and the remaining 60% can be used by the depositor for any purpose. Further, those having unaccounted funds abroad will be able to bring them back to India through direct remittances from non-resident Indians (NRIs), irrespective of whether such NRIs are relatives of the Indian donees or not.

Another scheme is to enable foreign exchange to be used for purchasing bonds which the government proposes to float. The bonds can also be gifted to resident Indians. Both these schemes are valid up to 30 November 1991, and all gifts received either by way of remittances or by gift of bonds will have a total immunity until that date.

Singh has pegged the date at 30 November to perhaps determine the quantum of foreign exchange inflow into the country. This is to determine the extent to which the second tranche of the IMF loan can be availed of.

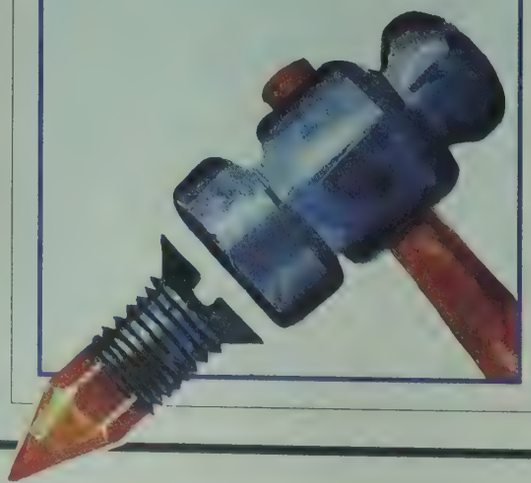


Industry will be adversely affected by the 5% increase in the rate of corporate tax and the reduction in the depreciation rate on plant and machinery from 33% to 25%. Further, the full amount of depreciation will be available only if the plant and machinery are used for at least six months during the accounting year. As a result of these changes in depreciation, the leasing industry may stand to gain because it may be more attractive to take assets on lease.

Another proposal which is likely to hurt the corporate sector is the revival of the interest tax which is to be levied at the rate of 3% on the gross interest earned by banks, financial institutions and non-banking financial companies. The burden of this tax will be passed on to the borrower of funds and, therefore, most companies and businessmen will be adversely affected by the higher cost of borrowings.

The finance minister has restricted the burden of excise duties. He has announced a general increase of 5% in special excise duties except on diesel, motorcycles, scooters and mopeds. In order to bring down the prices of essential commodities, he has continued with the exemption of special excise duty on sugar, coffee, tea, matchboxes, kerosene and vanaspati. He has totally exempted agro-based products like skimmed milk powder, butter, cheese, vegetables and fruits as well as on preparations of meat and fish from excise duty.

The 1991-92 budget is a balanced one. The poor have been spared from heavy imposts while innovative schemes for tapping black money have been suggested



The brunt of the excise burden has been borne by cigarettes, air conditioners, refrigerators and other entertainment electronics like television sets, audio systems and VCRs. Lastly Rs 150 crore is proposed to be raised by increasing the excise duty on cars from 50% to 60%.

The reduction in the customs duty to a maximum of 150% is not as substantial as was expected. In fact, the IMF suggestion for reducing customs tariff to 30% has not been accepted by the finance minister. Perhaps, this may come about in the next two-three years. The finance minister ought to have reduced the customs duty on project imports by more than 5% (which he has proposed to do). Even the new rate of 80% is too high, considering the fact that every new project generates employment oppor-

tunities and contributes substantial revenues to government coffers once it commences production.

The finance minister has not only heavily taxed items consumed by the rich, but has also sought to curb expenditure incurred in restaurants by levying a 15% tax. This will put restaurants more or less on a par with entertainment in hotels, where the rate of tax is 20%.

Air travel will also become very expensive because of the 20% increase in excise duty on aviation turbine fuel.

Singh has proposed a novel scheme for promoting investments in housing for low- and middle-income groups, highways, roads and bridges, non-conventional energy, school buildings, among other things. The entire amount paid for financing such projects or schemes will be deductible from taxable profits. Further, NRIs will be permitted to invest in immovable properties and real estate businesses freely, without obtaining permission from the Reserve Bank of India.

These proposals should give a tremendous boost to housing in general, and coupled with the scheme of channelising black money to the NHB, low-cost housing, especially in rural and semi-rural areas, will get the requisite fillip. The cement industry will be the direct beneficiary of this activity and this is why the stockmarket reacted so favourably in its post-budget trading session.

The finance minister's most important pronouncement is the proposal to reduce the marginal rates of income tax during the government's five-year term

In conclusion, it has to be pointed out that the finance minister has taken a very balanced view. He has spared the poor from very heavy imposts and taxed only those who have the ability to bear the higher burden. He has been bold enough to come up with innovative schemes for tapping black money both in India and abroad (held by non-residents), so that it can be channelised into productive use. The country is, indeed, fortunate to have an eminent economist as the finance minister at a time when the economy is almost on the verge of collapse.

Singh has used his acumen and skill to contain the budgetary deficit and, at the same time, raise the level of industrial growth. What is most crucial at this juncture is political stability and, therefore, if the present finance minister is able to continue with his task over the next three years, there is no doubt that he will succeed in ensuring that India emerges as a major economic power by the turn of this century. His maiden budget is based on a comprehensive vision and a well-thought out strategy to put the economy back on the rails.

• *The author is a Bombay-based advocate.*

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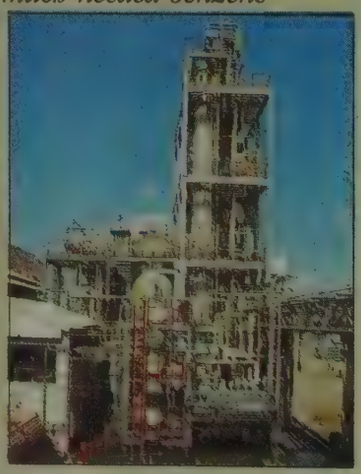
NEWS BRIEFS

■ The government has made far-reaching **changes** in its new **industrial policy**. Under the new policy, the asset limit for MRTP (monopolies and restrictive trade practices) companies has been scrapped, industrial licensing for all projects except for specific groups abolished and foreign equity participation limit raised to 51% in 34 selected areas, among other things.

Meanwhile, the finance minister has said the government is prepared to consider foreign investment **proposals** with equity participation even beyond the 51% limit to acquire the latest technology. Such proposals will be considered on a case-by-case basis in high-priority areas by a specially-empowered board.

■ Union finance minister Manmohan Singh has jacked up prices of petrol, cooking gas and fertiliser, and hiked **excise** duties on consumer durables in his Rs 7,719 crore deficit **budget** for 1991-92. He has also raised corporate tax by 5%.

AN AGROCHEMICAL PLANT: *Getting much-needed benzene*



■ The Union government has allowed the **import** of 20,000 tonnes of **benzene** to tide over the current shortage of this vital feedstock for the agrochemical, plastic, dyestuff and pharmaceutical industries.

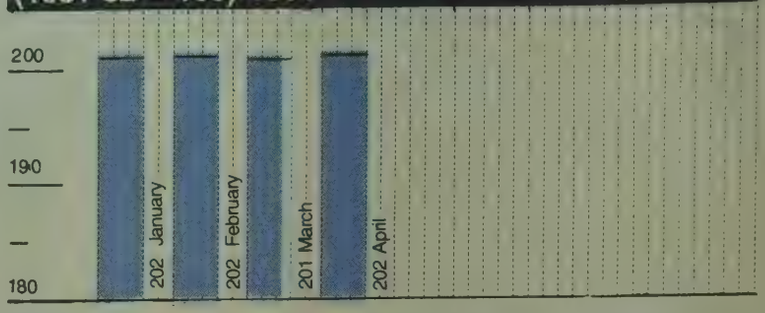
■ Prices of about 60 **bulk drugs** are likely to be raised by 0.5-25% depending upon their import content and the rupee's value before and after devaluation, according to *Business Standard*.

■ Drastic changes in the **planning commission's** role and its approach to the eighth five year plan are planned, says *The Economic Times*. The commission will now be called upon to suggest fiscal, sectoral and monetary policies both for the public and private sectors.

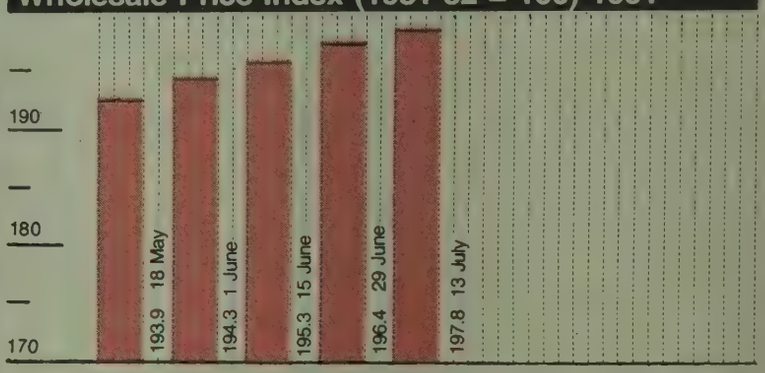
Foreign Exchange Rates (Spot) 1991

	29 July (Rs)
One P. Sterling	43.38
One US Dollar	25.83
One D. Mark	14.73
One hundred J. Yen	18.70
One Saudi Riyal	6.86
One UAE Dirham	89.83

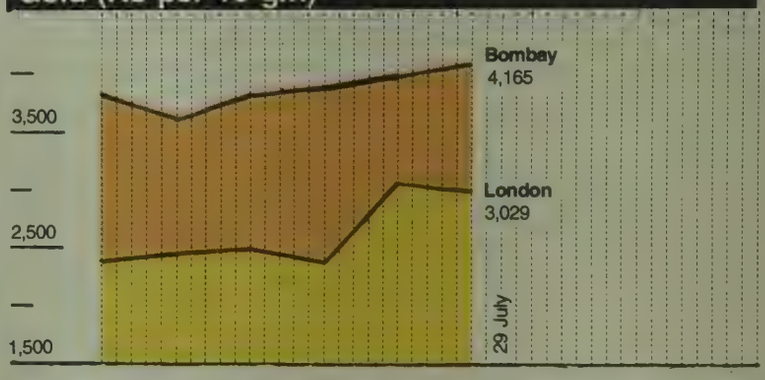
Consumer Price Index for Industrial Workers (1981-82 = 100) 1991



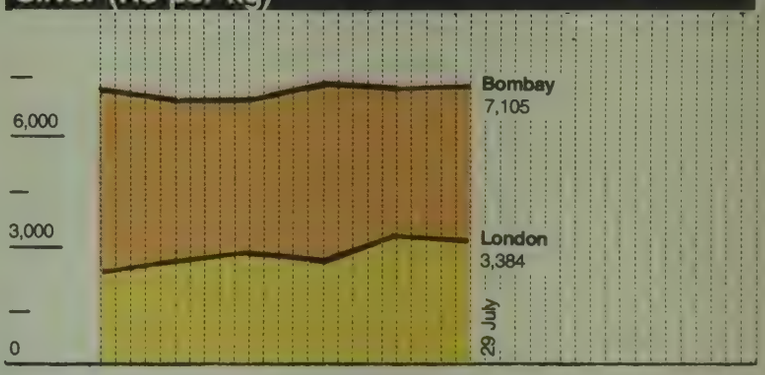
Wholesale Price Index (1981-82 = 100) 1991



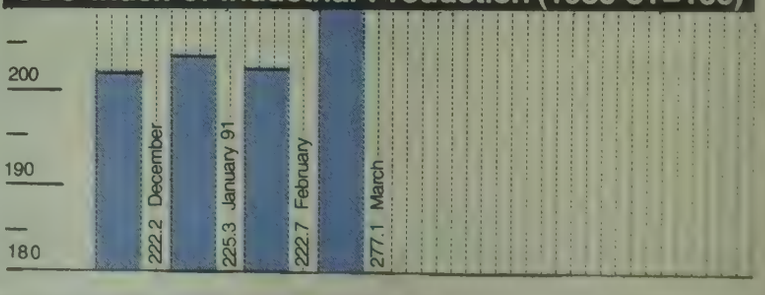
Gold (Rs per 10 gm)

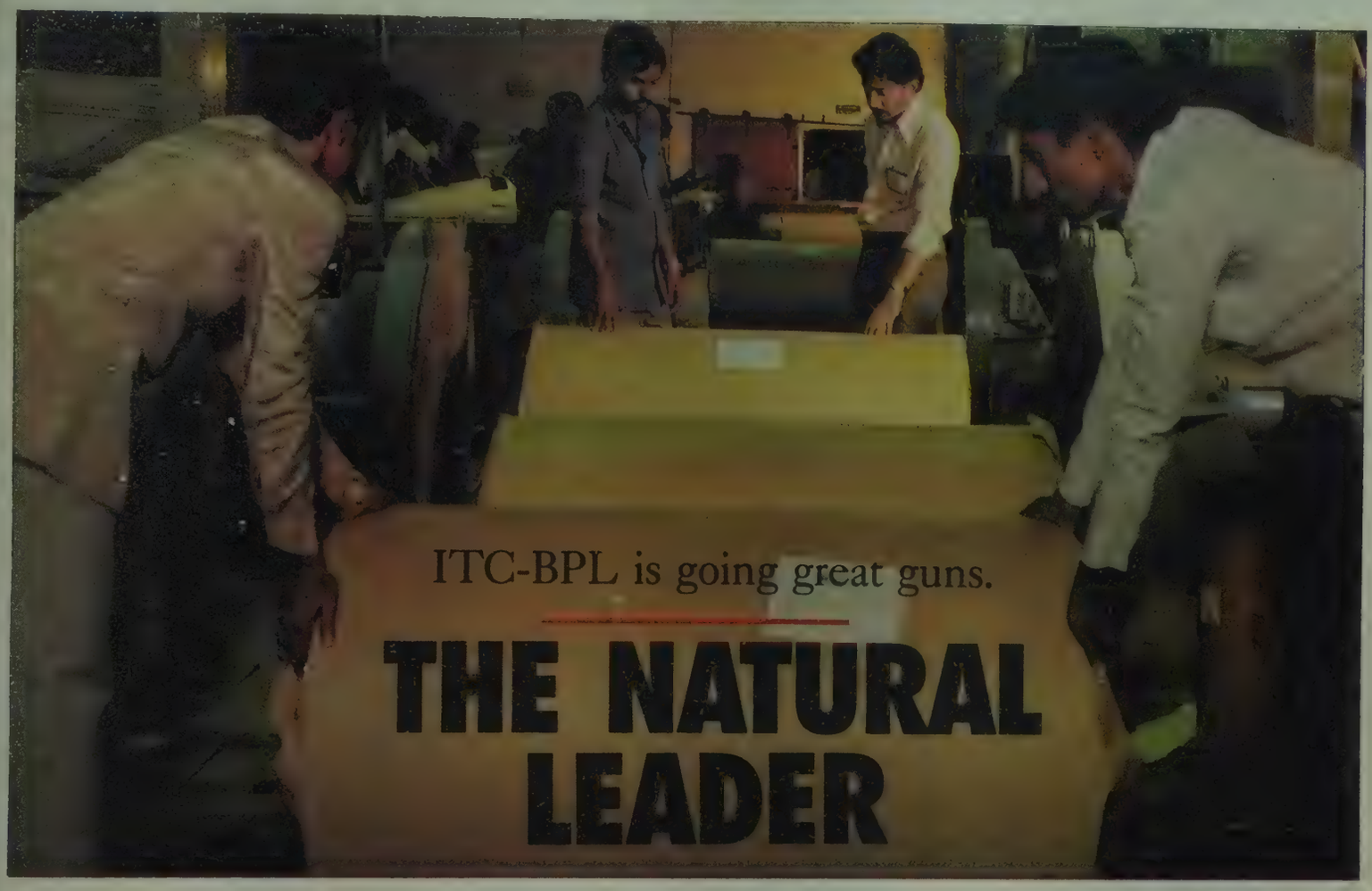


Silver (Rs per kg)



CSO Index of Industrial Production (1980-81=100)





ITC-BPL is going great guns.

THE NATURAL LEADER

The other day, newly-rechristened ITC-Bhadrachalam Paperboards' yuppie general manager (marketing) Sunil Shahaney nipped out of his Hyderabad headquarters mid-week, telling his office he'd be back at work on Friday. His mission for the day's absence: a friendly dropping-in on a potential buyer in Singapore. "To work constantly and closely with customers is our marketing maxim," he explains.

Humble paper machine operator Madanlal is one of Bhadrachalam's heroes. A couple of years ago, he dropped a piece of paper in one of the suggestion boxes at the mill, suggesting some modifications in the steam and condensate system. Promptly accepted, the changes increased the paper machine's drying capacity by 7%, in turn enabling a significant increase in production of board varieties. Soon afterwards, Madanlal won the Best Industrial Worker Award for Andhra Pradesh.

Young, attractive assistant manager (marketing) Poonam Kumar deserves at least a footnote when the century-old history of the Indian paper industry gets written. She is one of the first woman managers to join this industry, which has traditionally been an all-male bastion. The taboo on the fairer sex, if ever there was one, has been lifted at ITC-Bhadrachalam Paperboards' initiative.

What makes ITC-Bhadrachalam Paperboards Ltd (ITC-BPL) tick? Shahaney, Madanlal and Kumar are part of the answer. It's indeed quite amazing how a relative stripling in this old, mature core sector industry, which is by no means the largest company in its sector and has a mere 4% marketshare, has emerged as a natural leader. While many paper manufacturers are gasping, spluttering or choking for breath, ITC-BPL is going great guns with a bouncy bottomline, expansion megaplans and a smart export performance.

"The possible we do today, the impossible tomorrow. Given will, determination and team spirit, nothing is impossible," declares chairman K.L. Chugh proudly. And well might he be proud, having been with the 25 awards-winning company right from its project days in 1976, and captaining the team as managing director for almost the whole of the eighties. "We have pioneered a new work culture in the paper industry."

Corroboration is available from right within the borders of Andhra Pradesh itself. Not far from Bhadrachalam town is Kurnool, where the then 42,000 tonnes per annum (tpa) capacity Sree Rayalaseema Paper Mills was commissioned in July 1979, precisely the same month when ITC-BPL's own plant of like capacity was commissioned. Today, Sree Rayalaseema is a sick company, running at 32% capacity utilisation or less and with total accumulated losses estimated at Rs 126 crore.

On the other hand, ITC-BPL's

While many paper manufacturers are gasping, ITC-BPL is going great guns with a bouncy bottomline, expansion megaplans and a smart export performance

"ONE MUST LEAD BY EXAMPLE"

ITC-Bhadrachalam Paperboards chairman K.L. Chugh spoke to BusinessWorld *about his plans and his philosophy. Excerpts:*

■ What have you learnt from your tenure at ITC-BPL, first as MD and then as chairman?

As MD, I learnt that the leader has to lead by example. Preaching alone does not work. I learnt that simple philosophy practised honestly works and provides a formula for success. I learnt that you need leadership at all levels, that a bottom up management style, involving all concerned, gives the maximum number of ideas and it is the ideas that give you the innovative and, therefore, competitive edge, and that it brings about the best commitment. I learnt that you have to work around and know your people, that communication, both internal and external, is the key. Communication has to be simple yet refreshing, innovative and sensible. That it should provide solutions and not repeat problems. I learnt that customer-orientation, both within the organisation and outside, is the only answer not only to success in the marketplace but also to productivity.

I also learnt that business needs not only knowledge of the marketplace, technology, money and people; it needs wisdom to integrate all these through the strength of your team, getting the best out of each member of your team. Business calls for perpetual learning. And it needs humility to learn all the time from others around you.

As chairman, the role is different. It is that of envisioning and helping other members of the team to achieve, helping the company add to its image further and being concerned with major decisions relating to people, growth and diversification.

■ What are the significant attributes of ITC-BPL's corporate culture?

ITC-BPL's culture is built on knowledge, commitment, dedication, openness, hard work, productivity and team spirit; respect for the individual and his views which gives rise to a number of ideas. That



making mistakes is everybody's birthright; repeating them is not. That one's concern should extend beyond the individual and his workplace, and to his family. That the company will adopt an open-house policy where individuals can express themselves freely.

■ What do you see as the points of divergence between the corporate cultures of BPL and ITC?

The corporate cultures of ITC and BPL fundamentally are the same. The work culture is different, because the industry is different.

■ Do you see a happy synergy between BPL and ITC's new paper division, in terms of technology and marketing?

There is no ITC paper division as yet. I do see, however, a lot of synergy between BPL and Tribeni Tissues Ltd (TTL), the two paper companies ITC is concerned with, in areas of technology, energy management, product development and distribution. The ITC paper group comprising BPL and TTL offers the widest range of quality products to customers all over the world.

■ Is it a correct surmise that BPL's change of name to ITC-BPL means that no merger is being contemplated between the two companies?

As of now, no merger is contemplated between ITC and BPL.

■ According to you, what are ITC-BPL's major weaknesses currently?

ITC-BPL's major weakness, as of now, is the availability of raw materials for future growth. We would like to adopt a massive programme of plantations and I hope that the new government policies will encourage it. Given the raw material, ITC-BPL has the wherewithal, both in terms of financial and human resources, to grow very rapidly.

■ Assuming that in keeping with past tradition you will not keep the ITC-BPL chairmanship after November next, is it true that you will hand over charge to Feroze Vevaina?

As at this moment, I have every intention of remaining involved with the future growth and development of ITC-BPL.

present capacity utilisation of 134% has been maintained at around this level for years now, thanks to which shareholders' funds have burgeoned to over Rs 46 crore. For both, external constraints — primarily, acute shortage of power and raw material — were the same. Yet, the corporate stories are tellingly different.

"Faith in the potency of productivity is the bedrock of our corporate philosophy," avers Chugh. He insists that productivity must be reckoned not as a ratio but as a way of life, impinging on all operational aspects: plant health, energy management, pollution control, waste and logistics management, human resources development as well as general housekeeping.

It is a truism that any form of philosophy is easy to mouth but hard to operationalise. Yet, Bhadrachalam's shopfloor has emerged as a wonderful laboratory where Chugh's productivity philosophy can be observed in action. And neither is a self-motivated worker like Madanlal the odd exception.

As senior vice-president (technical) M.P. Malliwal explains in some detail, there's a great deal of grind behind the spit and polish. The mill is kept in

tip-top shape round the year owing to regular plant health audits being done. There is no annual downtime since the maintenance work continues round the clock and is integrated into the mill's running. Energy consumption per unit of production has steadily declined from 1,853 kwh/tonne in 1980-81 to 1,251 kwh/tonne in 1990-91; Malliwal aims to reduce the energy cost to manufacturing cost ratio further from the current 19% to 16%.

The power crisis has been tackled by seeing through a four-year 'total energy project' involving the commissioning of an atmospheric fluidised bed combustion boiler of 50 tonnes per hour at 63 kg pressure and a turbo generator of matching 7.5 Mw capacity. Today, the mill is wholly shielded from the vagaries of power supply from the state grid.

Malliwal goes on to say that like maintenance, modernisation too is a continuous effort. The key to ITC-BPL's success is that output has been steadily upped with carefully-planned marginal capital investments made on existing plant and machinery. Take the case of machine no 2, commissioned in January 1989. A finely-focused modernisation and upgradation effort costing Rs 5 crore was made on this new machine immediately after its commissioning, enabling its output capacity to be raised by 5,000 tpa. "The possibility of raising output on this machine by a further 5,000 tpa is being looked into already," says Malliwal. "Productivity improvements have become part of the planning process and are structured in such a way that all employees of the company are working on receding targets year after year."

This rare determination to wring the last possible half-drop of output from plant and machinery is a fallout, in part, of the company's severe initial adversities. In the early eighties, the government reneged on a whole host of earlier promises, causing havoc to performance projections. For instance, the interest-free sales tax loan committed by the state government was not disbursed at all; royalty concessions were abruptly withdrawn and rates hiked on a compounded basis; power tariff concessions promised for 10 years were stopped after five; excise concessions allowed on writing and printing paper were not extended to boards and krafts.

"We faced tremendous cash flow problems and shrinkage in margins," recalls R.P. Agrawal, incumbent Tribeni Tissues managing director and Indian Paper Makers' Association (IPMA) president who was with ITC-BPL for the whole of the eighties. Chugh recalls his "nightmarish experience" of having to face a government directive to supply writing and printing paper which the company was simply not equipped to produce! "After months of anxiety, the rules were changed," reminisces Chugh.

Paradoxically, while the company began winning its famous string of awards right from 1980, its bottomline floundered and even slipped into the red in 1982-83. Through this baptism by fire, says Agrawal, was born the steely grit to overcome unforeseen adversities: "We developed and implemented a multidimensional strategy. An immediate thrust was given, at one level, to all-round resource productivity, capacity utilisation, operating efficiencies and energy management. At another level, a thrust was given to product quality and product differentiation to ensure consumer-specific end-products. The idea was to improve profitability by achieving higher rates of contribution. Needless to say, financial controls were kept on a tight leash."

In the fullness of time, New Delhi was duly persuaded to change some of its cockeyed policy dispensations. But it is a fact that the company's forward march began in the mid-eighties despite a whole host of obfuscations. "These investments were made well ahead of their time, and we are reaping the benefits of this foresight today," says vice-president (finance and planning) P.K. Talwar, who moved over from the Nagarjuna group in 1989.



KUTTY: *Seeing no succession crisis*

Money, though, is never quite the complete answer; the mindset is an oft-forgotten intangible accompaniment. Chugh is clear in his priorities: "Of the seven basic resources of the manager — men, machines, materials, money, time, land and ideas — it is the human resource that creates value and achieves the productivity necessary for success. I believe that people rather than capital, should occupy centrestage. And it is the top management's primary responsibility to equip people to manage tomorrow's markets, products and technologies."

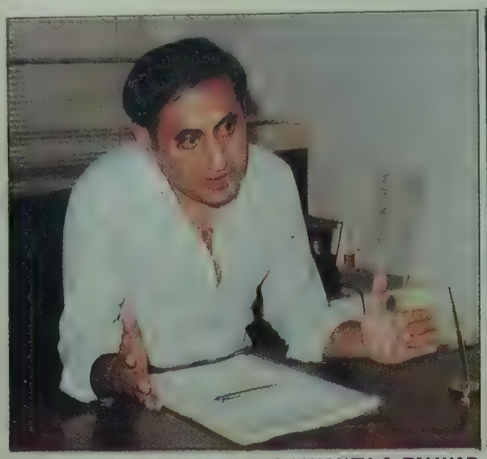
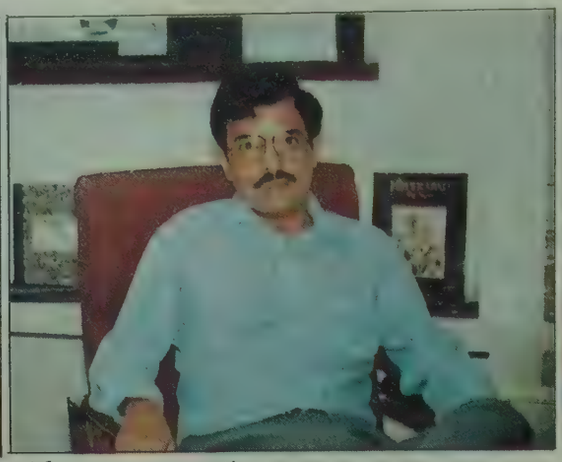
Managing director R.K. Kutty, an old Wimco hand who joined ITC-BPL in 1988 and took over from Chugh as chief executive in mid-1989, says that openness is a distinctive feature of the company's culture. "There are no barriers in communication, no hierarchy in the teams when it comes to the freedom to test one's own ideas," he says. "Free expression of views is encouraged down the line."

As a result, youngsters like Poonam

ITC-BHADRACHALAM PAPERBOARDS' TRACK RECORD

Year	Sales	Profit/(loss) after tax
1979-80	18	(2.6)
1980-81	34	0.1
1981-82	40	5.3
1982-83	45	(3.0)
1983-84	49	0.8
1984-85	53	10.0
1985-86	56	6.9
1986-87	52	7.2
1987-89*	102	6.1
1989-90	124	8.1
1990-91	139	15.5

* 18 months
Source: Annual report.


(FROM L TO R) SHEOPURI, SHAHANEY & TALWAR: *The new generation*

Kumar and senior executives like chief manager (exports) Rajiv Sheopuri are typically full of beans. Notwithstanding a formal hierarchy, managerial responsibilities are not necessarily rigidly compartmentalised. Vouches Sheopuri: "If our exports have grown at a furious pace, it is because of the total support from a very enthusiastic team of people working together right across the organisation. Export is regarded as the common goal."

In fact, ITC-BPL is the only company in its industry whose exports ($3.5 million in 1990-91) consist wholly of its own manufactured products. "From a one-country, one-product company at inception, we are a multi-market, multi-product company today," enthuses Sheopuri.

As in exports, so in the domestic arena, niche marketing is uppermost in the minds of the company's marketers. Sunil Shahaney notes that the marketplace can be appropriately viewed as consisting of a matrix of niches. Accordingly, ITC-BPL's medium-term growth and product diversification strategy have been carefully finetuned to closely correspond to opportunities available in this matrix.

The think-tank cell which masterminds the company's euphemistically-named 'special projects' activity is headed by senior vice president M.M. Shukla. "Before green-signalling a product, we examine aspects like demand levels and also whether the manufacturing process technology is likely to remain stable or become obsolete. We also look at the product's international demand pattern. In sum, we ask three basic questions: is there a home market? Is there an export market? Will the technology be current?" explains Shukla.

The shortlisted products are then put through yet another scanner. Shukla says that attributes checked out include whether the items are value-added and volume products, rather than mere commodities. Another important aspect is checking whether the products meet the conversion demand of the new technologies of the nineties and beyond. An overriding criterion is whether the facility for manufacture (that is raw materials, chemical ingredients and so on) is indigenous; import dependence is a strict no-no.

"There is a difference between adding value to existing products through the technology route and high value-added products which fall in the category of specialities," observes Shukla. An example of the former: today's fast printing machines require fluff-free paper to enable high productivity. This is possible through specific applications on the size press without affecting other attributes of the paper. A speciality paper, on the other hand, is typified by a product where each sheet is encapsulated with a dye through a coating medium.

According to him, the biggest hurdle is that most sophisticated value-addition technologies are closely guarded. Manufacturers usually are not willing to supply the entire package, and neither is requisite machinery available off the shelf. Notwithstanding impediments, ITC-BPL has zeroed in on a few specific products of the future. Says Shukla: "We are now in the process of finalising our product choice for our intended expansion."

The special projects cell is enthusiastically blueprinting a course of action which ought to see ITC-BPL's volume turnover grow from its current 90,000 tpa to at least 1.3 lakh tpa. Capital investments to the tune of Rs 180-200 crore are on the anvil, although company spokesmen are delightfully vague as to details. One lead which ought to be fairly reliable is that ITC-BPL is going in for high-value speciality coating paper in the writing and printing segment.

An interesting feature of the company's product profile is its successful capture of several market niches. In the paperboards segment, ITC-BPL's estimated marketshares (according to a Marg survey) in selected sub-segments vary from 48% (cigarettes) and 60% (tetrapak for milk and juice) to 62% (matches). The company is the only one to make white top kraft liner and diazo paper. The maplitho segment has recently been attacked, and ITC-BPL has registered token marketshares in the computer stationery (4%) and reprographics (2.5%) sub-segments. In the cut-throat marketplace, its main competitors are JK, Ballarpur and sister company Tribeni Tissues, apart from imported commodities.

All this is fine, and holds much promise; yet none of it ameliorates ITC-BPL's biggest

ITC-BPL GHQ: *Emerging stronger from past failures*



vulnerability: raw material. The prospect of self-reliance for a paper manufacturer remains a mirage, what with wasteland development stuck in a legal straitjacket and private sector companies being equated to individuals when it comes to holding agricultural land. (In Andhra Pradesh, the maximum individual landholding allowed is 54 acres, which is obviously of no use to a paper manufacturer.)

"The amended Forest Conservation Act aims to reduce the reliance of user industries on forests. Unfortunately, nothing that is commercially implementable has emerged as an alternative yet," rues senior vice-president Prem Capoor. As a result, companies have a Hobson's choice in trying to learn to operate within the framework of the existing policy. "Moaning and fretting will get us nowhere, and some action is better than inaction," reasons Capoor.

In the circumstances, keeping grandiose dreams of Brazil-type megaplantations aside for the moment — a 1 million tpa plant at Aracruz (Brazil) gets its entire raw material input from a captive 50,000 hectare plantation — ITC-BPL is currently piloting a 3,193 hectare farm forestry scheme approved by the National Bank for Agriculture & Rural Development (Nabard) in 1990. In-house biotechnologists are busy creating self-generating planting stock following the vegetative propagation method of clonal multiplication.

Capoor rues the fact that the farm forestry scheme, albeit well-meaning, is riddled with impracticalities. These include a widely-scattered distribution of small holdings, the drawback that the scheme does not have any focus on upping land productivity, and that farmers are free to sell the wood to anybody else if they wish to. Also, farmers tend to change crops if more attractive alternatives are available.

"We frankly see no long-term alternative to allowing forest-based industry to raise its own requirements. Self-reliance through captive plantations is a must. If necessary, the latter can be taken up as joint sector projects," says Capoor. Incidentally, raising plantations is both time-consuming as well as expensive. The quickest cycle is seven years, while the cost of raising 1,000 hectares via the clonal route is estimated at Rs 7.5 crore. Doubtless, the paper industry will need fiscal incentives to invest in plantations.

Yet, as the adage goes, every crisis is also an opportunity. Keeping ecological considerations in the forefront, ITC-BPL has been consistently and wisely advocating the substitution of wood-based packaging by kraft-based packaging. It initiated a move to use corrugated fibreboard containers (CFCs) made from kraft paper for packing apples, instead of the traditional wooden crates. A lot of promotional work was done in Himachal Pradesh and Jammu & Kashmir. Recently, the company developed a 'base board' for gypsum board used in the construction industry: a product with exciting growth potential.



(FROM L TO R) MALLIWAL, KUTTY, CAPOOR & SHUKLA: *The think-tank*

Not surprisingly, managing director Kutty is very bullish about the company's future. "We are confident that our market-driven, growth-led policies are on a right track and that we will have an overall marketshare of 10% by the year 2000," he says.

On the organisational front, though, ITC-BPL will have to sort out one important issue during the course of the nineties: succession planning. In the next three to five years, close to 10 senior level executives will retire, including Kutty himself and all three senior vice-presidents. (Chugh, in fact, will outlast the latter four.) No obvious successor is in sight, at least, to corporate monitors.

On his part, Kutty pooh-poohs any suggestion of an incipient crisis. "Our policy is to develop people from within, impart multi-functional skills and accelerate their development. More than a dozen potential high-fliers are already in the company and given our broad intent to provide maximum growth opportunities from within, I foresee no problem in the next generation taking over."

And then there is the fascinating question of whether Chugh will give up the ITC-BPL chairmanship after he succeeds retiree Jagdish Sapru in the parent ITC next November. If so, who will succeed him? While some analysts believe that Feroze Vevaina, a long-timer on the paper company's board, is the logical successor, Chugh himself prefers to keep his options open. "As at this moment, I have every intention of remaining involved with the future growth and development of ITC-BPL," says he.

Chugh has good reason to be sentimentally attached to the company. After all, having served ITC as a humble branch engineer from 1971 to 1976, it was the move to Hyderabad which proved to be the decisive turning point of his career. On a wider canvas, the technical manager in him blossomed to fruition as a leader of men. And given ITC-BPL's early adversities, Chugh went through some sustained tempering, an experience which has added steel to his spine. Clearly, he is what he is because of Bhadrachalam, and Bhadrachalam is what it is — a lion-hearted stripling to which industry elders have ceded leadership status — because of him.

□ Sujoy Gupta

A MATTER OF QUALITY

It's no Britannia. Neither is it a Parle. But down south — particularly in Karnataka — the family-owned and family-managed Rs 19 crore Kwality Biscuits is widely regarded as a biscuit-maker with bite. And rightly so. It has managed to hang on and grow in an arena where even big guns like Lipton and Cadbury have managed to bag only crumbs. With nearly 900 tonnes of its biscuits being munched every month, Kwality ranks no 5 in the national biscuit sweepstakes despite lacking an all-India presence. And having just emerged from its teens (the company is 20 years old), it has already earned for itself the rather enviable stripe of being a stickler for quality and business ethics.



This, however, does not mean that the management's appetite is satiated. After all, in the same timespan, the Hyderabad-based Ampro has worked out a national presence and is totting up sales of 2,000 tonnes a month. Goaded by this, the Kwality management has written out a recipe to keep up with the big biscuits of industry. It includes:

- Unleashing a mouthwatering range of new value-added dainties.
- Expanding territory of operation.
- Adding to manufacturing facilities.
- Shaking up the existing management by getting in a crop of livewire professional managers.
- Opting for sophisticated packaging, keeping up with the Joneses' of the biscuit arena.

Kwality's panoply of new products is a mixed bag. Just out of the oven is a spicy snack called Krun Chits. The snack met with an unexpectedly warm reception — even from the company's point of view — when it was first test-marketed in Karnataka in March. With a new packaging machine to be installed in Kwality's factory on the Bangalore-Mysore road, Krun Chits will soon deck shopshelves all over the south. Among the other goodies slated for launch shortly are a Krackjack-type biscuit branded Sweet 'n' Salt and a Monaco-type salt biscuit called Super Snack. Some new varieties in cream are also being planned. Says marketing director T.V. Viswanath Gupta (the elder son of managing director N. Vajram Setty): "We are ready to take off." Adds his nephew and colleague in the marketing department G. Ravishankar: "We are now a more market-driven company."

Market-driven basically means depending less on the high-volume but highly-competitive glucose biscuit segment and moving towards value-added products which, while not promising volumes, offer attractive margins. The decreased dependence is already being reflected in the reduced contribution to Kwality's turnover. From 64% in 1989-90, the glucose biscuits' share shrank to 57% in 1990-91. It is likely to drop further to 53% this financial year. But, as with all biscuit-makers, glucose will still continue to be Kwality's mainstay. The endeavour, however, will be to fill gaps in the product range.

Capacity glitches. Go-go growth may bring along with it one problem — the existing production capacity may prove inadequate. Though production at the company's plant on the Bangalore-Mysore road is expected to be 8,500 tonnes this year (as against an installed capacity of 10,000 tonnes), Viswanath Gupta is more than aware of the possibility of facing capacity glitches and is already looking ahead. Says he: "We may have to take on one or two factories on contract next year." Two contracted units — one in Visakhapatnam and the other in Coimbatore — already figure on the company's production charts. While the former makes milk biscuits nametagged Pusti and Marie (a generic variety), the latter produces both Marie and cream. Gupta is trying to squeeze more from these two units too. Vizag is slated to contribute 1,680 tonnes to Kwality's total output this year (up from 1,320 tonnes in 1990-91) and Coimbatore 700 tonnes (up from just 480 tonnes last year).

Taking units on contract makes eminent sense. Says factory manager H.K. Vasuki: "It reduces overheads, saves transportation and marketing costs, and offers manoeuvrability in industrial relations." Adds technical director T.V. Umesh Gupta: "Contracted units are a kind of insurance."

KWALITY'S FACTORY & GOWRISHANKAR (INSET): *Relying on a new product mix*



Insurance, they definitely are. Like several other companies, Kwality too has had its share of labour woes. Back in 1983, the company had seen red flags at its factory when the workers, led by the then Centre of Indian Trade Unions (Citu) union, struck work. Matters flared up to the extent that the management was forced to clamp a four-month lockout at the factory. The labour-management standoff started with the workers demanding a 20% bonus. This, the latter was unwilling to dish out as it claimed that the working results for the year were not good enough. It was, however, willing to dole out a bonus as per the Bonus Act, which was not agreeable to the workforce.

"We had always treated our workers well, and had introduced several welfare measures (through independent trusts) even without their asking," says finance director & joint managing director N. Gowrishankar. "Perhaps, we had been too liberal. However, when the factory manager was physically assaulted on the premises, we said enough was enough and pulled down the shutters." The dispute was finally settled in the management's favour but the company did pay a little extra (over the bonus due) to win back the workers' goodwill.

The strike and lockout had a crippling effect on Kwality. While efforts were made to have a continued presence in the marketplace by contracting production of some fast-moving items from a Hyderabad factory, they did not quite yield the required results. "When we got biscuits made outside, they were not fully accepted. There was a quality problem," says Viswanath Gupta. "It took us nearly two years to win back customers."

There could be another problem on the cards now. A three-year wage agreement is due for renewal but the management wants to hike wages only in return for higher productivity. The hope, however, is that even labour will see eye to eye on this score.

Raising productivity means stepping on the gas further. Even today, Kwality scores some brownie points over even big boys Parle and Britannia on per manday production, according to factory manager Vasuki. And this is



VAJRAM SETTY: *The guiding force*

ALL IN THE FAMILY

A patriach with a lot of go. Though Kwality's managing director N. Vajram Setty is confined to a wheelchair, crippled by a stroke a couple of years ago, his mind is as agile as ever. Says he of his company's growth and performance: "We have come up on our own. Unlike Britannia, we had no foreign technology or guidance. Parle, too, had little by way of competition when it started. I am sure the younger generation at the helm will uphold my principles. I have never believed in quick gains, compromise — you should not when you are in the business of making a product that goes straight into your stomach."

Vajram Setty belongs to a community traditionally engaged in trade and commerce. His father dealt in textiles but once controls were slapped during the second world war he opted out. Beginning from scratch, he first took up a Tata Oil Mills Co (Tomco) washing soaps dealership. Following this, he started making washing soap himself, first in Tumkur and then in Bangalore. But soap-making did not suit his health, and he switched lines once again — this time to confectionery.

By now Vajram Setty had joined his father's business. And apparently, his entry did the trick. The Setty family soon made a name for itself as a leading maker of hard-boiled sweets and toffees under the brandname Krishna. All the manufacturing was done under the aegis of a partnership concern, Gowrishankar Industries, which exists till today.

The entry. In the early sixties, Vajram Setty, brothers and kin decided to get into biscuits, and a small-scale unit was set up on the Bangalore-Mysore road. Efforts to put up a larger and more modern plant did not fructify for long because of delays in getting a licence and completing all the formalities. Worse, the devaluation of the rupee sent the prices of the Dutch machinery it was eyeing northwards. Vajram Setty's own inexperience in modern biscuit-making did not help. Production at the new plant finally commenced in January 1969 with the initial capacity pegged at 6,000 tonnes a year. Much-needed help and guidance in establishing a marketing network came from an erstwhile Tomco zonal manager and close family friend Beema Rao.

The Setty family then set up a partnership firm (the partners were all ladies in the family) and called it Kwality Food Products. In 1981, they converted it into a private limited company. And in 1988 Kwality Food Products achieved deemed public status.

Today, Kwality's packaging requirements are largely met by a sister concern, Trust Pack. And another firm, Krishna Containers, supplies tin containers. Besides, the family owns a confectionery unit, Shresta Confectionery, which markets its products under the Kwality brandname. Its monthly sales are estimated at 25-30 tonnes. Howzzat, for keeping it all within the family.



AN INSIDE VIEW OF KWALITY'S PLANT: *Good per manday production figures*

WRAPPING IT UP

Boarding a new biscuit bandwagon can be a difficult task and time for almost anybody. Kwality's case has been no different. When it first went in for a course correction in the late eighties from being production-oriented to market-driven, it did face some digestion problems. But it finally overcame them.

Right till 1988, Kwality's focus was on glucose and the so-called "regular varieties," meaning low-priced biscuits like Golden, at one time sold at 5 paise a piece, and Kwaliwin, a high-count sweet biscuit. For years, Golden had been Kwality's golden goose.

A marketing error. When the company sallied into the milk segment with Pusti in 1986, the product put up a pusillanimous showing. Launched in Tamil Nadu and Kerala, Pusti drew buyers initially thanks to attractive trade and consumer giveways. Only to go phut a little while later.

Kwality executives attribute the failure to the fact that Pusti was offered in a gold-coloured wrapper as compared to the white packaging that milk biscuits normally sport. Also, the weight of the pack was non-standard. But the company didn't give up on Pusti. Kwality relaunched it in 1988, highlighting not so much the milk content as the biscuit's distinctive taste. The packaging was changed too, of course. In its new incarnation, Pusti is doing very well and, in fact, it's No 1 in Karnataka.





UMESH GUPTA: *Optimistic*

largely due to the company's stress on mechanising packaging operations and reducing energy consumption. Besides, Kwality's production machinery, though of sixties vintage, is said to be "more contemporary" than Britannia's. Nonetheless, productivity could be even higher if absenteeism among workers and high turnover of supervisors are curtailed.

Power problem. Another problem that dogged the company in the past was power — rather, the lack of it. Kwality handled this shortcoming by converting its power-intensive electric ovens to run on LPG. The first line was converted in 1983-84 and the second in 1987-88. According to Umesh Gupta, efforts are constantly on to improve machine output and cut energy consumption. But the strike, power shortages and the time taken to convert to LPG all combined to check Kwality's growth during the eighties.

Financially, though, the company has never been in serious trouble except during the strike when it incurred cash losses. Says Gowrishankar: "We believe in fair dealing with both our suppliers and distributors. Our suppliers are always paid promptly, and we don't demand huge deposits from our distributors. We neither buy nor sell on credit."

But like other biscuit manufacturers, Kwality has no control over raw material prices. "The problem is prices of major raw materials — sugar, vanaspati and *maida* — are highly susceptible to government policies and decisions. Even a small change can wreak havoc and upset all calculations," says Gowrishankar, who is also responsible for main raw material purchases. "We cannot pass increased costs on to the customer totally. The only alternative is to think of ways to cut operational costs or change the product mix." Besides, in glucose and milk biscuits, prices are set by the market leaders. Kwality can only follow. On the other hand, in terms of price realisation on similar products, Kwality is on a par with Britannia.

The company's major strength is its network of authorised wholesale distributors in Karnataka, Tamil Nadu, Kerala, Andhra Pradesh and Maharashtra. They number 225 currently. But even that is limited coverage compared with the big 'uns, say the company's critics. They concede that Kwality's products, particularly its glucose and Marie biscuits, are well-rated by customers in the south but opine that the company has been slow in extending its product range and markets. Says Viswanath Gupta: "Selling in limited territories may have its advantages but it's dangerous all the same: we can be squeezed out." He, however, readily admits that, despite the current expansion efforts, it will be a long time before Kwality manages an all-India presence.

Like several family concerns, the management has also displayed the traditional reluctance to take on professionals. Key functions in the company are all manned by members of the owning family, and there is virtually no second rung of management. Marketing, for instance, is handled by just two people at the top — Viswanath Gupta and Ravishankar. That's likely to change with the realisation that this cannot continue for long if the company is to grow. And the first area that's likely to see some professionals filtering in is the middle-management level. Will the new blood yield better quality?

□ N. Raghavan

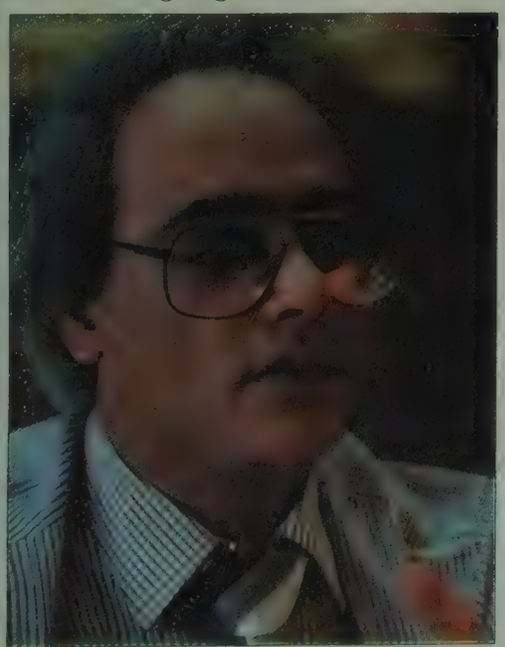
■ The Indian Iron & Steel Co (**Iisco**) has raised the prices of all categories of steel and pig iron produced by it by 10-12%. The price hike, which comes to around Rs 800 per tonne for steel, will give Iisco an additional sales revenue of Rs 32 crore in a year and about Rs 22 crore for the rest of the current financial year.

■ The public sector Madras Refineries Ltd (**MRL**) is contemplating a foray into the speciality chemicals business, according to its chairman H. Krishnamurthy. This follows the lifting of the ban on public sector undertakings entering areas not reserved for them in the new industrial policy.

■ **Maruti Udyog** has announced a sharp increase in the prices of its vehicles (between 3% and 25%). The hike was necessitated by the fall in the value of the rupee, which raised the company's import bill, and a 13.5% increase in excise duty announced in the budget. Similarly, three other light commercial vehicle manufacturers — Eicher Motors, Allwyn Nissan and DCM Toyota — have upped their prices between Rs 31,000 and Rs 32,000.

■ **Escorts Tractors** has taken up a Rs 77.97 crore expansion-cum-technology upgradation programme to enhance capacity from 11,000 tractors to 21,500 tractors per annum. According to vice-chairman Rajan Nanda, the programme includes introducing state-of-the-art manufacturing equipment, broadening product lines and upgradation of products.

NANDA: *Ploughing ahead*



NEWS BRIEFS

■ The Cochin-based Mahavir Plantations Ltd (**MPL**) is all set to take over the ailing **Madras Petrochemicals**. This follows the agreement between the Industrial Credit & Investment Corp of India (ICICI) and the Board for Industrial & Financial Reconstruction (BIFR) to fix the sick company's share price at Rs 10. ICICI had earlier fixed the price at Rs 21 per share, but both the BIFR and the Bhansalis of MPL thought this was too high.

■ **Mukand** has halved its production by suspending operations in two of its three steel furnaces due to an acute shortage of melting scrap.

■ The **Indana** group is all set to enter the Rs 400 crore packaged tea industry. The company has taken a tea unit from Rubi & Co of Calcutta on a three-year lease for this purpose. The new brand is expected to hit the market by September.

■ **Bajaj Auto** is planning a massive expansion scheme at its Waluj (Pune) unit to increase capacity for two- and three-wheelers from 3 lakh to 10 lakh per annum. The company's letter of intent (LoI) for expansion of this capacity has been converted into an industrial licence.

■ The Gujarat government is to auction the assets and land of **Calico Textile Mills** in Bombay, Baroda and Ahmedabad, collectively valued at Rs 251 crore. The state government has decided to take this step to recover nearly Rs 154 crore owed by the company — Rs 110 crore to banks and Rs 44 crore to financial institutions.

■ The Monopolies & Restrictive Trade Practices Commission (**MRTPC**) has come down heavily on sales promotion contests. The most-recent company the MRTPC has hauled up is the Calcutta-based **JK Industries**. It has issued an injunction against the company's 'World Contest,' ruling it an unfair trade practice.

■ Tata Iron & Steel Co (**Tisco**) has entered into an agreement with Sidernurgia Nacional EP (SNP) of Portugal for setting up the LD convertor for its proposed LD shop number two at Jamshedpur. SNP has agreed to supply the facility at a cost of Rs 23.55 crore.

■ **Zimag**, a subsidiary of Punjab State Electronics Development Corp, has signed a memorandum of understanding (MoU) with Hongkong-based electronics firm Ponic Enterprises for the manufacture of cordless telephones. The project entails a total investment of Rs 10 crore

■ A.C. Muthiah's **Tamil Nadu Petroproducts** is setting up a Rs 94 crore caustic soda plant in the Thanjavur district of Tamil Nadu. The plant



MUTHIAH: *Expansion plans*

will have a licensed capacity of 100 tonnes per day. The company is also coming up with a Rs 45 crore plant to manufacture heavy normal paraffin at Manali, in the same state.

■ O/E/N Connectors Ltd (**OCL**) and O/E/N India Ltd (**Oil**) are drawing up major diversification programmes. According to *The Business & Political Observer*, they may also enter the capital market shortly.

■ **Shivalik Fertilisers**, which manufactures single super phosphate (SSP) and markets urea, is diversifying into paper manufacture. The company is setting up a Rs 12 crore unit in Punjab to manufacture writing and printing paper.

■ **Videocon Appliances** has received the consent of the controller of capital issues (CCI) for a Rs 124 crore issue to part-finance its Rs 150 crore expansion and diversification plans.

■ **Gujarat Ambuja Proteins** is setting up the country's largest maize processing plant at an investment of Rs 45 crore. According to the company's chairman Vijay Gupta, the plant will have a processing capacity of 300 tonnes per day.

■ **Grasim** has decided to put its Rs 255 crore project to manufacture glass picture tube shells on hold. According to *The Economic Times*, Grasim chief Aditya Birla decided to shelve the project as the industry was not doing well and the export market for the product did not look promising.

■ The Centre has given the **green signal** for the Rs 85 crore viscose staple fibre plant to be set up by the **Thapars** in Andhra Pradesh. The project will be implemented by group company AP Rayons.

■ The department of environment has shot down a Rs 1,600 crore proposal by the Krishak Bharati Cooperative (**Kribhco**) to put up gas-based plants to make urea, ammonia and nitrophosphate at its existing complex at Hazira. According to the department, Hazira and its environs had become crowded and could not sustain a large-scale fertiliser project.

■ At a time when international creditors are re-thinking on lending to India, ANZ Grindlays Bank has facilitated a short-term coal import facility of $25 million for the Steel Authority of India Ltd (**Sail**) from the Australia and New Zealand banking group. The facility is expected to enable Sail to import coking coal from BHP-Utah from July to September 1991.

■ Bharat Heavy Electricals Ltd (**Bhel**) is now equipped for the bulk production of an import-substitute product — wind electric generators (WEG). Hitherto, WEGs were totally imported resulting in a considerable drain on the country's foreign exchange. Bhel's two 55 Kw WEGs are already in operation at Tuticorin (Tamil Nadu) and Tuna (Gujarat) and 10 more are expected to become operational in a wind farm in Gujarat by the end of 1991-92. Bhel has also designed and developed a higher rating 200 Kw WEG which is expected to become operational in Tamil Nadu in the next three months.

RELEASED

■ As part of the oil industry's centenary celebrations, scheduled to conclude with the declaration of the **Digboi oilfield** as a 'national oil park,' a book titled *A hundred years of oil*, authored by S.N. Visvanath, was released. The book is a human-interest story on the origins of the oil industry in India. The author is an eminent geologist who has spent more than three decades with the Assam Oil Co and Oil India.

INAUGURATED

■ Eagle Flask Industries (**EFI**) is vigorously pushing ahead on the export front. Recently, an export bay of plastic injection moulding machines was inaugurated at the company's Talegaon plant site. The company is creating additional capacity at its Talegaon plant to augment export of its vacuumware and thermoware to Europe and the US. The company has bagged multi-crore orders from Braun (Germany) and Black & Decker (US), among others.

LINKED

■ The Container Corp Of India (**Concor**) has established yet another significant link by connecting the Kandla port to the Delhi inland container depot (ICD). The ICD at Sabarmati in Ahmedabad set up in September 1990 has been linked to the Kandla port, thus providing exporters the choice of shipping consignments through Bombay, Nhava Sheva and Kandla.

A CONCOR ICD: *Going strong*



NEW SCHEME

■ And now a unique environment-related investment scheme from the Sanghi group. Sanghi Plantations Ltd (**SPL**), a subsidiary of the Sanghi group, has come out with an innovative teak bond scheme. As per the scheme, an investor purchasing a teak bond (priced at Rs 1,000) is given ownership of a teak tree. SPL will then nurture the teak saplings and hand over the tree to the investor after 20 years by when it would fetch handsome returns. Each tree will be insured against damage, with a payback of Rs 20,000. An added advantage to investors is that teak bonds fall under the category of agricultural income and are therefore exempted from tax.

EVENTS

■ With the electronics industry exhibiting tremendous scope for growth, the International Exhibition and Seminar on Electronics and Telecommunications (**El-Tel Expo 91**), scheduled to be held at Hyderabad from 23-27 October 1991, couldn't be more timely. An international seminar on 'Electronics and Telecommunications' will also be held simultaneously at Gateway Hotel, Hyderabad. Besides exploring the opportunities available in India to set up industries and promote exports, El-Tel Expo 91 also hopes to facilitate the setting up of projects with foreign collaborators.

For further details contact: Convenor, El-Tel Expo 91, Network Consultancy Services, PB No 1065, Hyderabad 500 029.

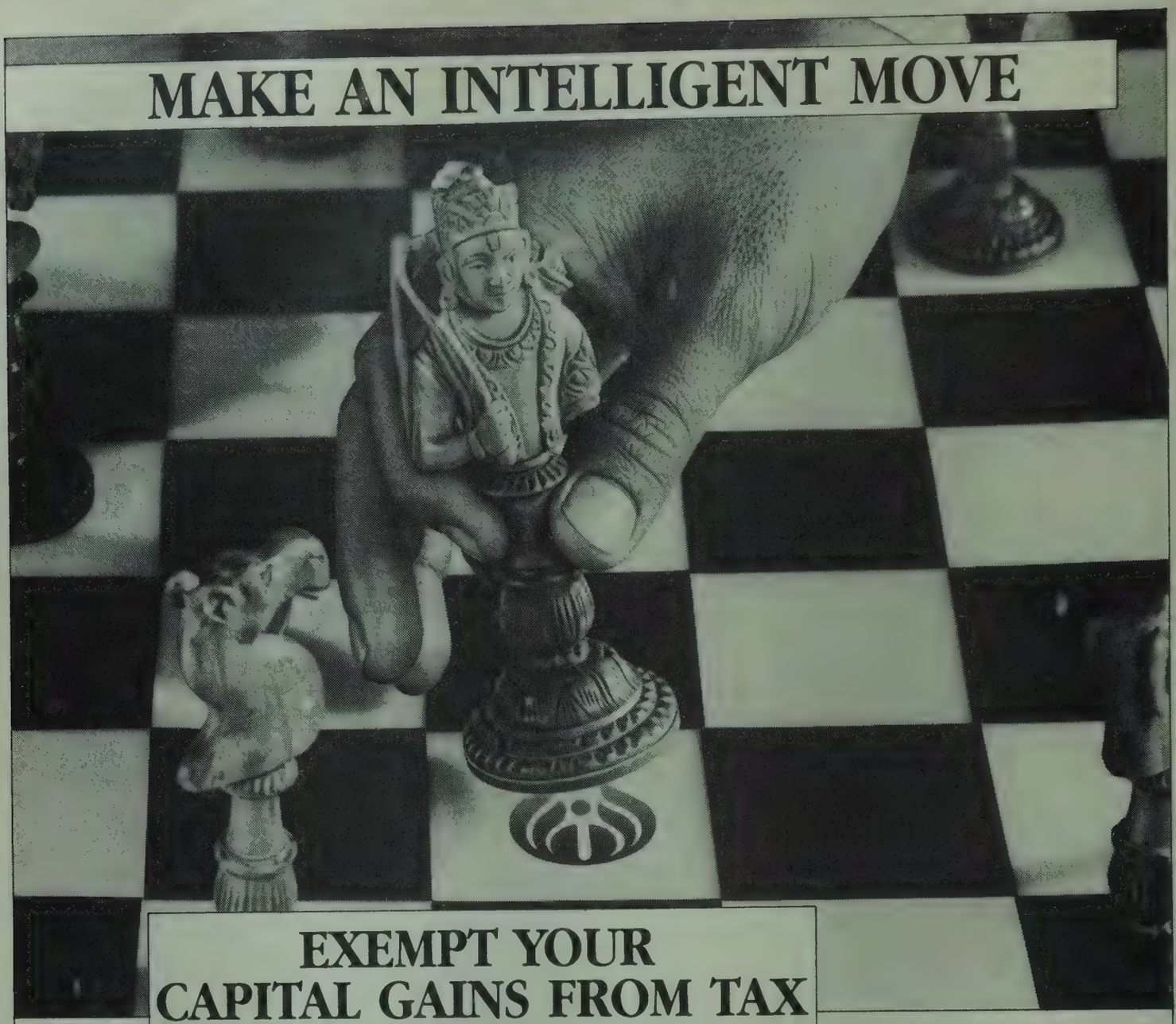
InvestmentWorld



INSIDE

- INTERVIEW: NIMESH KAMPANI
- THE INVESTOR CONTEST

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"BOOK PARTIAL PROFITS"

He set a trend by being the first broking firm to go hat in hand to the public. He was also instrumental in managing a majority of the open offers witnessed in India. That's Nimesh Kampani of JM Financial Services Ltd (JMFSL) whose offspring, JM Shares & Stock Brokers, entered the capital market a couple of months ago. This company's scrip is commanding an unofficial premium of Rs 9 even before it's listed on the stock exchange and soothsayers have it that the share is tipped to touch Rs 50 in a couple of months mainly because of the small equity capital and the heavy covering of the short position in the market. Kampani floated this company "to serve the investing community and give it advice through organisational efforts." A chartered accountant by qualification, Kampani (45) promoted JMFSL in 1973, and today rakes in Rs 5-6 crore as commission and fees from merchant and investment banking. "With no experience in merchant banking, I took a plunge into it. Today, whatever experience I've garnered is on the job," says Kampani. He spoke to BusinessWorld *on the outlook for the stock exchanges. Excerpts:*

■ On where the market is heading.

Today, the Bombay stock exchange sensitive index (Sensex) is hovering around 1,600. If everything goes well — that is, liberalisation, (a good) monsoon and the implementation of what the finance minister has proposed in right earnest — the Sensex is bound to breach the 2,000 mark by December or even earlier. The present Sensex is not out of fundamental factors but technical ones. There is too much money chasing too few quality scrips. What we need now is more primary issues. This will increase the supply of stocks and once this happens, the market will find its own level. I have a feeling that there will be a temporary reaction in the market.

■ On the investment strategy now.

I would recommend that those investors who are in the market for a long period should not hesitate in booking partial profits. As a short-term solution, they should put their cash in money markets and *badla* financing.

■ On the long-term outlook for the market.

With the latest liberalisation move, there's bound to be a spurt in industrialisation which means more capital will be needed. So where does one look? The capital market, of course. Here, existing companies will hold an edge over new entrants in raising fresh capital.



We need more primary issues to increase the supply of stocks for the market to find its own level

There has also been a distinct shift in the investor's attitude. He has realised that putting his money in bank deposits or the like is no longer a wise investment proposition. Investors, today, have become intelligent. They have realised that with the rate of inflation at 13%, they have to put their money in instruments fetching much higher returns. At present, only half a per cent of total savings finds its way into the stockmarket. The percentage is bound to rise. Overall, the market will grow but there won't be a sudden spurt in the index.

■ On the industries worth looking at.

Cement is a good bet since there is no foreign exchange component and there's good local demand. Then there are industries such as tea, shipping and hotels which are forex earners. Scrips of commercial vehicle companies are also good — but only those which have zero import content such as Telco and Ashok Leyland.

■ On scrips worth a pick.

Oh no. My portfolio guys will get cheesed off. But I'll give you a broad hint. Pick up the scrips of those companies which are directly or indirectly export-oriented units.

■ On the industries to be hit badly.

If the Drugs (Prices Control) Order is not revised, the drug companies will suffer. Some may even turn sick.

■ On advice to first-time investors.

They should go for blue chips such as Hindustan Lever and Tata Tea. Nothing can go wrong in such scrips.

■ On investment in bullion and real estate vis-a-vis equity.

Bullion and real estate are not bad investment avenues. There is no return but there is appreciation. They cannot be compared to equities. Opportunities in equities are tremendous. If you lose in one scrip, you can pull out and invest in another. One can't do that in gold.

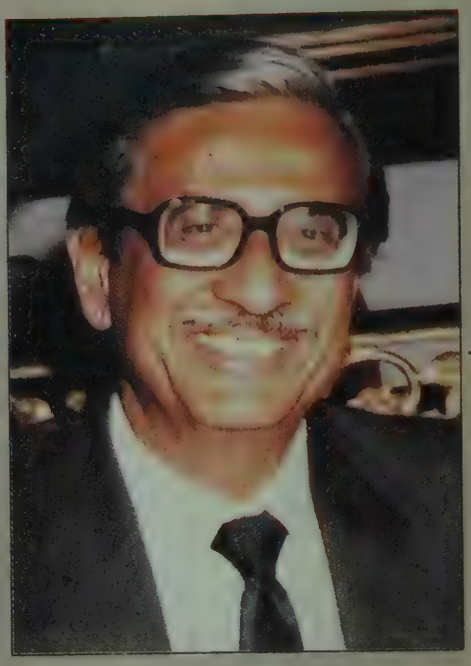
■ On advice to small investors.

Go for growth stocks of mutual funds or Mastershares. There's somebody else with a big basket of scrips taking the risk for you. Investors with, say, a sum of Rs 25,000 at their disposal should not hold more than five scrips in their portfolio.



From making metal cans to brewing beer. Sounds tipsy. But ask Asian group director Sanjay Jain, and he'll say "forward integration." The group, comprising Asian Cans, Asian Closures and Trans Asia Packaging, is engaged in the manufacture of printed metal cans and open-top sanitary cans. The three companies are likely to announce their maiden dividends soon. Now Jain plans to take a plunge into the beer market using one of the can lines to tin the brew.

Though the government has banned fresh entry into beer manufacture, Jain spotted a way out. He bought over Rajasthan Breweries Ltd (RBL) from Dilip Piramal early this year. The tab, it is learnt, was Rs 75 lakh. The Rs 17.6-crore project will have an installed capacity of 75,000 hectalitres (hl) of beer and is expected to go on stream early next year. According to Jain, the plant will have an inbuilt capacity to produce up to 2 lakh hl. To part-finance the project, RBL is tapping the public for funds through a Rs 9.96 crore equity issue on 3 September.



With the hike in excise duties on colour TVs (CTVs) announced in the new budget, rigid import curbs and a depreciated rupee, things do not appear too bright for the TV industry. But Cauvery Electronics Ltd (CEL) chairman Tirath Mulchandani has a gameplan to boost sales: he is seeking greener pastures abroad.

CEL (a company of the Bush India group), which has an installed capacity for 1 lakh TV sets, is executing a large part of the export order to Europe (for 50,000 CTVs) bagged by the Bush group. Mulchandani says CEL plans to increase its overseas presence substantially even though "it might yield only lean margins." To boost them, the company has, according to him, "steadily reduced its dependence on imported components over a period of time." He adds: "We are net earners of substantial forex and not guzzlers."

To raise funds for working capital requirements, CEL is entering the capital market with a Rs 2.88 crore equity issue at a premium of Rs 5 for each Rs 10 share.



There seems to be little in common between running a brewery and making sponge iron. But for Satish Kumar Aggarwal, these are just opportunities to make profits. After successfully turning over the family-owned breweries and distillery business, Aggarwal is now setting up a 60,000 tonnes per annum (tpa) sponge iron plant.

And he is confident that his new company — Kumar's Metallurgical Corp Ltd (KMCL) — will reap a rich harvest. Says he: "The price difference between scrap (which is usually imported) and sponge iron is Rs 3,000 per tonne. And the difference may go up further." Also, he adds, "any new furnace coming up has to use 70% sponge iron."

With his impeccable credentials — a metallurgy degree from IIT (Kharagpur) and a management diploma from IIM (Ahmedabad) — he could very well rake in the profits.

For financing this venture, KMCL is approaching the primary market with a Rs 6.60 crore equity issue at par.

Last date for the receipt of entries: 31 August 1991

BusinessWorld Investor Contest

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in up to five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld (BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second and Rs 1,000 the third. The names of all the winners will be published in *BW*.

THE RULES

1. The notional amount to be invested is Rs 1 lakh.

2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.

3. Investments in debentures or securities other than equity shares are not permitted.

4. No investment can be made in scrips in which there has been no trading on the reference date for investment (23 August for Contest No 1).

5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).

6. The maximum amount investible in any one scrip is Rs 50,000.

7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 23 August.** Quotations based on prices at stock exchanges other than Bombay will not be permitted.

8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 27 September.** This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the BSE, the investments will be deemed to have been made at the latter prices.

9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.

10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% per annum.

11. Contestants will have the option either to invest the entire amount of Rs 1 lakh (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stock-markets.)

12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No 1, the last date for the receipt of entries is 31 August.** Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters: *BW* INVESTOR CONTEST NO 1 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 25-28, Atlanta, 209, Ceremonial Boulevard, Nariman Point, Bombay 400 021.

13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.

14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.

15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon.

16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar group of publications.

INVESTOR CONTEST NO 1 — ENTRY FORM

Name of scrip	Price on 23 August 1991	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name: _____

Address: _____

_____

_____

_____

FOR THE HOME-MAKER

M. D. MUKHI

The monthly income amount (MIA) scheme, which came into force on 15 August 1987, is particularly suited to retired persons and housewives who would like to have a regular monthly income for their day-to-day needs. The accounts under the scheme have to be opened at, and are managed by, post offices (POs).

The scheme, which is open only to individuals, has the following salient features:

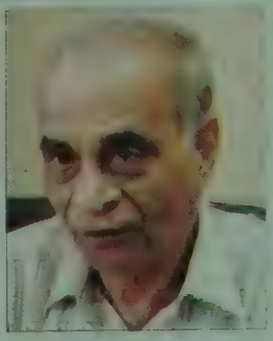
- An account under the scheme can be opened at a PO with a minimum amount of Rs 5,000 or multiples thereof. However, at any given time, the deposits in all accounts taken together shall not exceed Rs 2 lakh in a single name and Rs 4 lakh in joint names. The depositor can open more than one account.
- The date of deposit shall be the date of realisation of the cheque/demand draft.
- A depositor having a savings bank account at the same PO can give standing instructions for automatic credit of the monthly interest.
- The scheme carries 12% per annum interest, payable monthly. Thus, a person depositing Rs 5,000 will receive Rs 50 every month. The interest payment will commence from the month following the deposit date.
- Nomination facility is available.
- The deposit, along with a 10% bonus, will be returned six years from the deposit date.
- To provide liquidity and flexibility, premature withdrawals are permitted after the expiry of one year. However, such withdrawals will be subject to a penalty of 5% of the deposit amount, to be deducted at source. Thus, an individual will get back only Rs 9,500 against a deposit of Rs 10,000, after one year, if he withdraws the deposit before maturity.
- If the depositor dies before the maturity date, the account may be closed and the deposit refunded to the nominee/legal heir with interest up to the month preceding the one in which refund is made. No bonus is payable on such withdrawals.
- The interest payment is to be claimed every month by the depositor. No overdue interest will be paid on the monthly interest not claimed on time.

The scheme is along the lines of monthly income schemes offered by the Unit Trust of India (UTI) but compares less favourably with it. The UTI schemes have wider eligibility and a lower minimum amount of Rs 1,000. Also, there is no ceiling on the maximum amount. Though these schemes also offer 12% return on investment, unit-holders get post-dated dividend warrants in advance which saves an investor monthly visits to the PO.

Unlike National Savings Certificates (six years maturity and 11% interest), there will be no tax exemption on the investment made. Only monthly interest will be eligible for tax benefit under s.80L.

A 5% penalty imposed on premature withdrawals is apparently unfair. The scheme is devised primarily for persons with small means; hence to penalise them when they need their money appears unjustified. Obviously, the objective of the penalty is to dissuade depositors from making premature withdrawals. As the loss of 10% bonus on such withdrawals already acts as a disincentive, the additional penalty is uncalled for.

Payment of monthly interest under this scheme, along with the 10% bonus paid at the end of six years, works out to an equivalent rate of 13.92% per annum, payable annually. As a result of the 5% penalty on premature withdrawals, the equivalent rates of interest for different periods work out as follows: for one year, the interest rate is 7.40%; 10.17% for two years; 11.10% for three years; and 11.57%, 11.85% and 13.92% for four, five and six years respectively.



If the s.80L benefit is availed of, the returns will be higher. Quite a few blue-chip and well-established companies (like Supreme Industries) offer 14% interest on a monthly basis and are, therefore, more attractive for non-taxpayers. Many finance companies like Sakthi Finance, Shriram Investments, Empire Finance, Nagarjuna Investments and Apple Industries also offer monthly income schemes offering 14% interest. But while fixed deposits with companies are unsecured, the MIA scheme is totally secured. It is, therefore, a better bet for investors who are concerned more about the return of capital than the return on capital.

Public sector bonds are equally safe and carry coupon rates of 13% per annum. But as the interest is payable half-yearly, the equivalent rate of interest works out to 13.42%.

In sum, the scheme is attractive for those seeking a steady monthly income with no risks as regards the capital. It also has great potential for mopping up investible funds from rural areas where POs are the only available channel for investible funds.

• *The author is president of the merchant banking division of Batlivala & Karani.*

IN A NUTSHELL

Scheme: A monthly income scheme operated by post offices.
Maturity: Six years.
Return: 12% per annum payable monthly plus a 10% bonus on maturity.
Minimum & maximum amounts investible: Minimum Rs 5,000 and in multiples thereof. Maximum in all accounts not to exceed Rs 2 lakh in a single name and Rs 4 lakh in joint names. Cheques to be drawn in favour of "The postmaster."
Tax benefits: (1) Income-tax benefit under s.80L; and (2) no deduction of tax at source.
Liquidity: Premature encashment allowed after one year at a 5% discount.
Eligibility: Only individuals can open an account.
Other features: (1) Nomination facility; and (2) in case the account-holder dies, the account can be closed and money withdrawn. No bonus is payable in such cases.
Recommendation: For housewives and the retired.

TWO LONG-TERM INVESTMENTS

CLIFTON DESILVA



May and Baker. In 1839, these two apothecaries came together to start a partnership firm of the same name. During those years, the firm was engaged principally in the manufacture of pharmaceutical chemicals, salts of bismuth, camphor, ether and chloroform. In 1890, May & Baker Ltd (MBL) was incorporated to take over the firm's business.

With the outbreak of the first world war, MBL also commenced manufacture of organic arsenicals and acriflavine for the medication of surgical dressings. And perhaps the most important breakthrough in world pharmaceutical research at that time was the discovery of sulphapyridine, a compound synthesised in the MBL labs. By 1938, this was proved to be the first clinically-effective chemotherapeutic agent for treatment of pneumonia and other coccal infections. The company thus became a household name throughout the world.

Over the years, MBL expanded its activities, particularly in the veterinary and agrochemical fields. Its association with India began in 1943 when the company commenced its manufacturing activities in Bombay as May & Baker India (MB India) on a modest scale.

The company went public (6.55 lakh shares of Rs 10 each at par) in May 1983. The reasons: to reduce the parent's (MBL of the UK) shareholding from 60% to 40% and to provide part of the funds required for the company's diversification and modernisation programmes.

In view of the regulations imposed by the Maharashtra government with regard to manufacturing units situated in Bombay, MB India set up a new facility at Paithan in Aurangabad, a notified backward area. The factory went on stream in November 1985 as scheduled. It is the second-largest solid dose-manufacturing plant of the MB group worldwide and the most modern pharmaceutical factory with the highest standard of good manufacturing practices (GMP) in India.

During May 1988, the commercial operations of MBL, which held 40% of the paidup capital of MB India,were taken over by a newly-formed subsidiary of the former, Rhone-Poulenc of the UK. In order to benefit from this association, the Indian company entered into a name licence agreement with Rhone-Poulenc SA of France with effect from 30 March 1990. The new name of the company: Rhone-Poulenc (India) Ltd (**RPIL**).

Over the years, RPIL has put up a fair show considering that its products are heavily controlled. This has, however, not stopped the company from introducing new products. And with the recent Reserve Bank ruling which exempts import of raw materials/intermediates for the manufacture of bulk drugs and formulations as listed in schedules I and II of the Drugs (Prices Control) Order (DPCO), 1987, and anti-cancer bulk drugs from cash margin requirements, RPIL's fortunes could well take a turn for the better.

The shares of Rhone-Poulenc and Parke Davis can be picked up at declines for long-term investment

For the year ended March 1991, the company recorded a turnover of Rs 80 crore plus with an earning per share (EPS) of Rs 10; an 18% dividend was also doled out. Any further relaxations in the DPCO could see the company's performance improve substantially. Currently priced at around Rs 138, the shares of RPIL can be picked up at declines for long-term investment.

In 1958, **Parke Davis (India)** was incorporated as a private company; it took over the businesses previously carried out by the branch office of Parke Davis & Co of the US. The US company was acquired in 1970 by Warner Lambert Co and thereby became a wholly-owned subsidiary of the latter.

During August 1982, Parke Davis of the US offered for sale to Indian nationals 14.56 lakh equity shares at Rs 14 per share. The object of this offer: to reduce the non-resident holding in the company from 83.33% to 40%. This would enable the company to avail of opportunities for expansion and diversification.

The management, in 1986, approved a scheme to amalgamate Warner Hindustan with Parke Davis (India). Under this scheme, seven fully paidup equity shares of face value of Rs 10 each of Parke Davis (India) were issued and allotted against every five fully paidup shares of Rs 10 face value of Warner Hindustan.

Under the new scheme of things, Parke Davis got the benefit of a much bigger infrastructure, a stronger rapport with the labour force and a revitalised product range and product mix. The more extensive marketing team helped the company concentrate further on consumer and over-the-counter (OTC) products which, till then, had not received the desired impetus.

For starters, the company undertook a major revitalisation programme for Halls, the cough lozenge. Currently, Parke Davis is concentrating on its existing products — Chiclets, Listerine, Sloan's balm and Waterbury's Compound.

The consumer product market being a largely-decontrolled area, the company has decided to focus mainly on it. Moreover, Warner Lambert, the parent company, has more than 60% of its businesses in non-prescription products, gums and mints, and only 31% is focused on ethical products. Thus the future in consumer products appears rosy for Parke Davis.

Currently priced around Rs 100, Parke Davis shares can be bought at declines for long-term investment.

• *The author is a Bombay-based investment manager.*



Established in 1952 with Jindal (India) Ltd., the Jindal Group of Industries today, with a turnover of Rs. 380 crores, is a corporate force to reckon with in the world of Indian Business & Industry.

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Today, for the youngest member of this dynamic Group, the slate is clean. But very soon it will be filled with a picture that will throb with the excitement of being involved with the sector that is the very lifeblood of industry — oil; a picture of health, a picture of profit, a picture of a company whose future is bright.

The product, Seamless Pipes and Tubes, is an import substitute which means the market is promising. The project is being set up in collaboration with world leader **MANNESMANN DEMAG HUTTENTECHNIK, GERMANY.**
And when people like ONGC, Oil India and other giants will join us, be a part of this scenario.





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JINDAL Group

MAHARASHTRA SEAMLESS LIMITED
REGD OFFICE 1208, VIKRAM TOWER, 16, RAJENDRA PLACE
NEW DELHI—110 008

Sobhagya/203/91

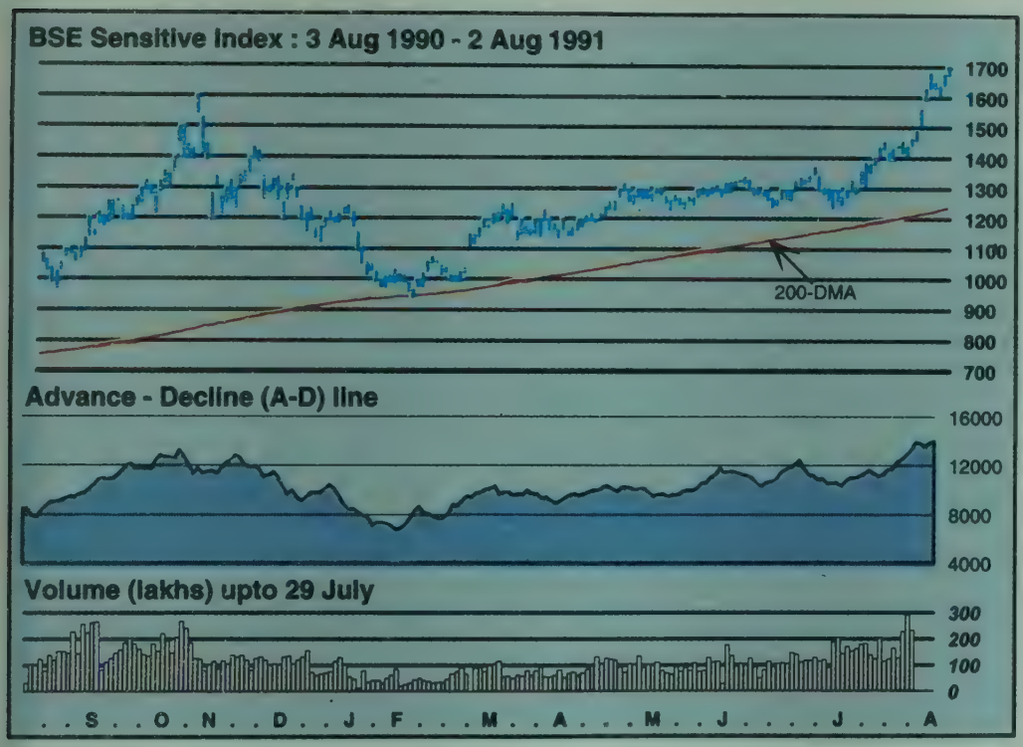
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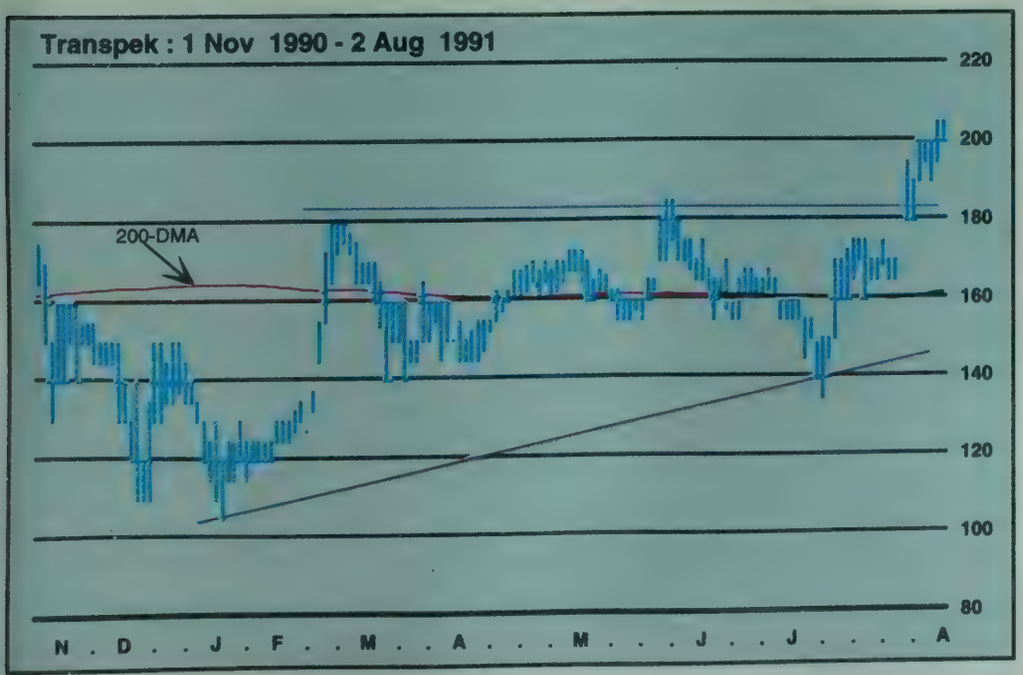
The new industrial policy has given the market a fresh lease of life. Not only did both the major indices scale new peaks, but the volume and breadth indicators, which had become distinctly weak before the budget, also got their act together again. During the trading fortnight under review (22 July-2 August), the Bombay stock exchange sensitive index (BSE Sensex) surged 225.14 points, as it shot up from 1,455.48 on 19 July to 1,680.62 on 2 August, a gain of 15.5%. The National Index (NI) stayed in tune, gaining 105.47 points (15%) from 705.38 to 810.85.

In the last issue, it had been pointed out that the rally up to the budget was showing distinct signs of weakness. The reasons for this conclusion were the breadth — Advance-Decline (A-D) line — and volume (number of shares traded), both of which refused to confirm the rise. However, budget time is always an occasion when fundamentals can be turned upside down. The new policies, with their intention of transforming the Indian economy into a market-oriented one, do change the equation substantially. As technicals are nothing but a reflection of the market's reaction to future fundamentals, it is not all that surprising that such a reversal occurred.

DEEPAK MOHONI







As may be seen from the chart, the A-D line quickly climbed to a new peak by exceeding its 9 October performance. Consequently, we do not now have any conflict between this indicator and the market's direction. Likewise, volumes too have gone higher than those corresponding to the 9 October levels. Volumes scaled a new peak of 290.83 lakh shares on 26 July, a day on which the Sensex rose from 1,555.43 to 1,599.98. This was also the day that the market closed at a level higher than that on 9 October for the first time. Volume figures were available only up to 29 July at the time of writing. That day saw the volume drop to 233.51 lakh shares while the market rose from its 26 July value of 1,599.98 to 1,637.70. However, this fall is also not a cause for concern, as the drop in volume was enforced by the imposition of trading restrictions. Trading restrictions were in place on 9 October as well, admittedly making volume comparisons a little fuzzy.

Volumes in the "B" group section have picked up substantially which, along with the A-D line, suggest that a good amount of bargain-hunting is on in that segment. This is a clear indication of confidence in the market's future. As a much greater number of "technical" bargains also lie hidden among B group stocks, we shall be looking for these quite often, from this issue onwards.

Both indices have now gone consid-

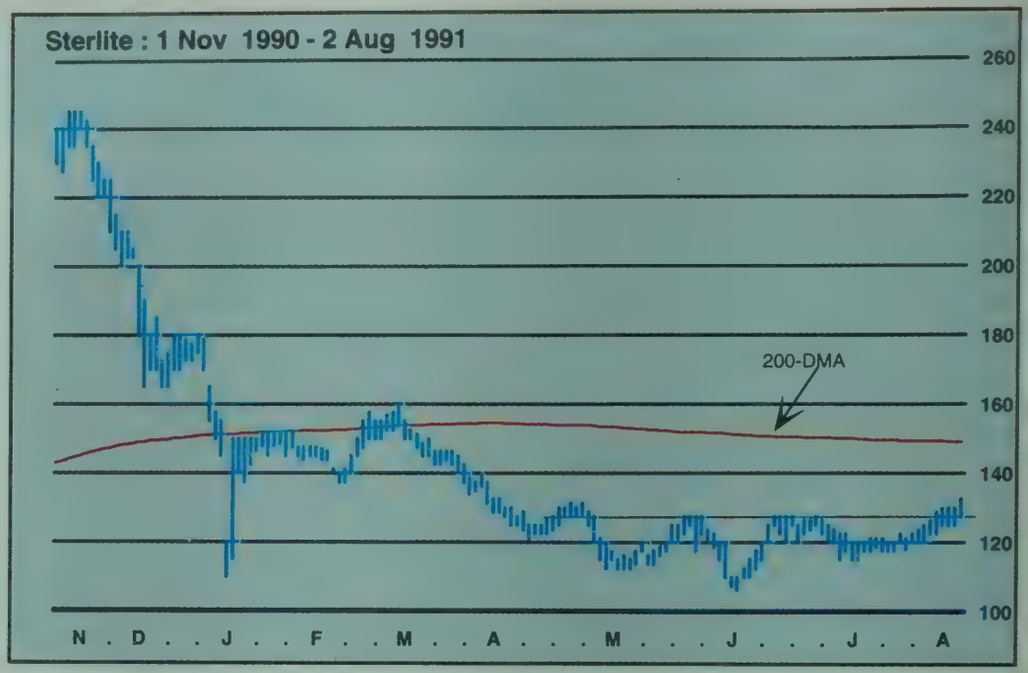
erably above their 200-day moving averages (200-DMAs). These are now 1,243.28 for the Sensex and 620.70 for the NI. In the last issue, it had been mentioned that the stocks most likely to undergo a sharp correction if the market were to go down were those which were most ahead of their 200-DMAs. All the three mentioned — Sesa Goa, Great Eastern Shipping and Hindustan Ciba-Geigy — have, in fact, improved with the market. On the other hand, the stocks at the other end of the spectrum — JK Synthetics and Mangalore Chemicals — have shown definite signs of reversing their downtrends.

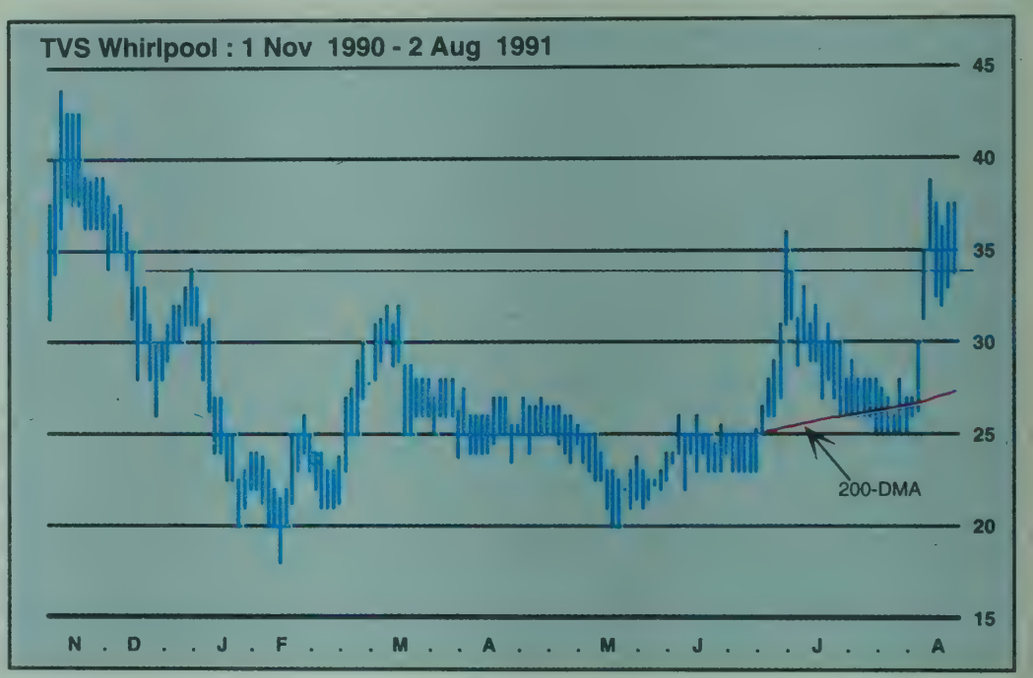
The number of "A" group stocks above their 200-DMAs has risen from 57 on 19 July to 70 on 2 August. For the entire market, there were 730 stocks above their 200-DMAs, and 317 below, on 2 August. The corresponding figure for 19 July was 543 above, and 493 below. These figures suggest that a fairly widespread improvement is under way, and further improvements should follow in the longer run.

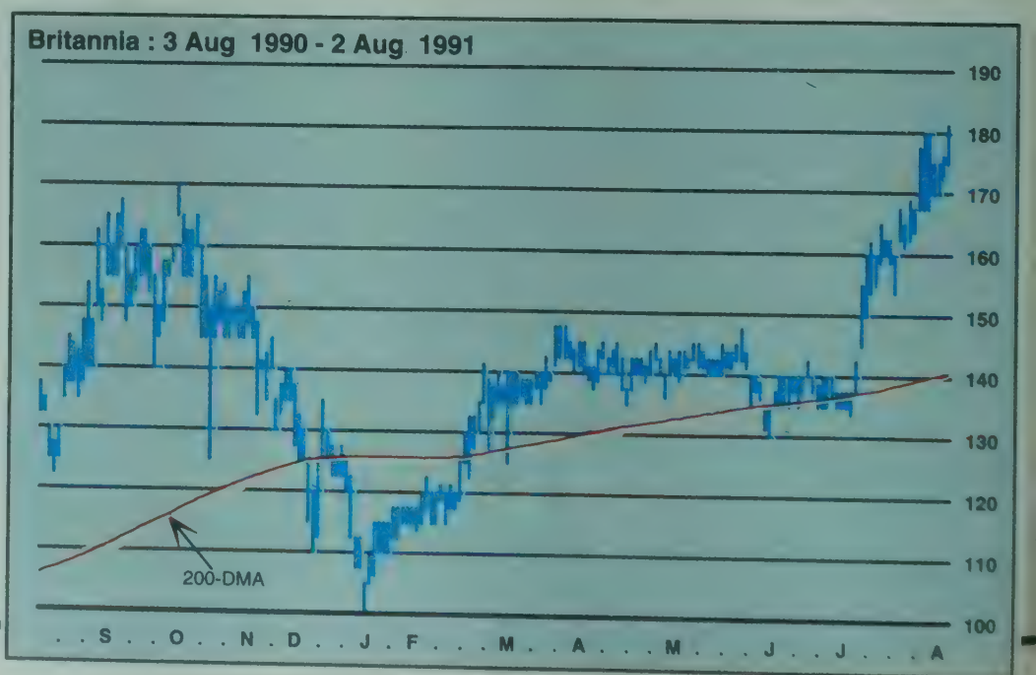
Now for the stocks, all of which are 'buy' recommendations in keeping with the market's strength. **Britannia** has made a new high, followed by a pullback to its old top of Rs 170, providing the ideal point for buying. It is also not substantially above its 200-DMA of Rs 141.33, suggesting a good potential to rise significantly.

In the "B" group, **Transpek** is looking good after a breakout from an ascending triangle, with a target of Rs 250. It has a 200-DMA of Rs 160.92. With its low floating stock, the rise could be quite sharp. **Sterlite**, which had gone into a major decline, has completed an inverted head-and-shoulders bottom. It can be expected to rally up to Rs 150-160 without much hindrance. In the process, it may also stabilise above its 200-DMA, suggesting good longer-term growth, too. Finally, a more recent entrant to the market — **TVS Whirlpool**. It has just broken out of a slightly ill-defined rectangle (ill-defined due to wide intra-day trading ranges). The stock may be expected to get up to a previous resistance level of Rs 46 without much difficulty.

• *The author is a director of Midas Vision, which deals in software and computer graphics.*







VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 1 Aug	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice High 1990 Rs	MarketPrice Low 1990 Rs	MarketPrice High 1991 Rs	MarketPrice Low 1991 Rs	Yield on Mkt Price (%)	Price to BkVal Times
bacusComp(10/100/e)	9003	1.4	0.3	0.0	12.1	9.2	0.3	0.45	4.7	0.26	0.26	1.82	15.0	10.0	54	17.50	9.35	–	–	–	35	12	18	9	5.76	1.41
panLloyd(10/100/e)	9003	4.0	1.6	0.0	14.0	14.0	0.0	3.72	26.6	1.09	1.09	2.75	19.6	10.0	37	145.00	20.03	–	–	–	58	35	150	36	1.83	3.93
obotLabs(10/50/e)	9003	2.3	2.7	0.0	21.8	31.5	0.2	0.36	1.1	0.07	0.07	0.31	1.4	--	NA	60.00	136.6	–	--	40	60	32	60	30	NA	1.95
CC(100/5/e)	9003	56.0	89.3	0.0	259.5	973.8	17.2	54.41	5.5	17.79	16.85	31.78	12.2	15.00	50	3000 00	75.05	1:5	86	33	2625	229	3075	1300	0.63	9.19
dvaniOerl(10/100/e)	9003	7.0	9.1	2.5	22.9	107.1	1.3	4.37	4.0	1.21	1.21	1.73	6.5	15.0	87	18.00	13.31	1:1	86	46	33	15	25	16	6.52	1.00
embicChem(100/5/e)	9003	4.1	10.0	7.0	343.0	124.0	3.9	4.29	3.4	1.64	1.23	39.81	7.8	16.0	54	410.00	7.79	1:3	66	18	460	250	450	220	5.17	0.90
faLaval(10/50/e)	9003	7.8	25.5	0.0	42.7	89.4	3.6	12.91	13.9	8.56	8.55	10.95	25.7	25.0	23	240.00	17.70	1:2	89	63	247	95	250	150	1.29	4.54
malRasayan(10/50/e)	9003	3.2	9.4	2.0	39.4	19.3	0.8	0.93	4.6	0.07	0.07	0.22	0.5	0.0	NA	52.00	233.6	–	–	–	83	38	54	34	NA	1.30
mritBan(10/100/e)	9003	4.2	13.1	6.9	41.5	259.6	1.1	8.64	3.3	1.90	1.83	4.48	7.7	21.0	49	71.25	15.06	1:1	89	70	83	36	75	45	3.11	1.63
ntificBear(10/100/e)	9003	3.2	7.9	0.0	34.3	48.1	1.9	6.84	13.7	2.67	2.71	8.08	23.6	25.0	31	100.00	14.23	1:2	81	23	145	60	130	66	2.18	3.3
P Paper(100/5/e)	9003	5.6	18.6	0.0	429.8	132.3	2.7	17.44	12.9	13.22	12.83	234.81	54.6	25.0	11	1500.00	7.67	1:4	80	20	2100	625	2000	850	1.39	4.19
opleInds(10/100/d)	9006	6.3	8.2	3.1	22.9	20.9	0.2	8.59	40.7	5.57	6.02	7.03	25.2	25.6	25	36.00	4.84	–	--	–	70	23	48	32	6.87	1.49
rvindMills(10/50/e)	9003	7.1	38.4	0.0	63.9	179.5	3.4	12.46	6.8	5.25	5.78	7.36	11.5	27.0	33	105.00	8.15	1:3	86	55	120	43	108	52	4.51	0.94
seaBrownBv(10/50/f)	8912	9.9	29.5	11.1	39.9	148.5	6.0	7.49	4.8	4.13	4.13	5.58	10.9	25.0	50	160.00	25.52	1:3	78	30	165	55	153	85	1.48	3.57
sianBearings(10/50/e)	9003	7.4	4.0	0.0	15.4	18.6	1.8	1.96	9.6	0.28	-0.13	0.38	2.5	--	NA	19.50	63.69	0.00	--	0	31	14	28	17	NA	1.56
sianCable(10/50/e)	9003	5.6	14.4	0.8	35.8	78.3	4.4	5.69	6.9	2.75	3.62	4.28	11.5	14.0	24	35.00	7.02	1:3	81	–	53	27	40	30	4.65	0.84
sianPaints(10/50/e)	9003	12.4	56.5	0.0	55.4	282.9	1.1	27.28	9.6	19.00	19.50	15.23	27.5	45.0	29	235.00	15.66	1:2	87	86	290	208	268	223	1.89	4.30
ssam Co(10/50/e)	9003	14.0	24.2	0.0	27.3	66.4	1.4	24.86	36.7	12.83	12.79	9.16	33.6	55.0	60	165.00	15.17	1:1	89	75	190	110	160	113	3.96	5.10
stra-IDL(10/50/e)	9003	2.5	3.7	0.0	24.6	21.5	0.2	2.00	9.2	1.06	1.06	4.24	17.2	15.0	36	85.00	13.68	–	–	–	75	38	93	45	2.62	2.35
iasCopco(10/50/e)	9003	7.3	7.3	0.0	20.0	46.3	1.6	1.03	2.1	-0.39	-0.53	-0.54	-2.7	–	NA	101.00	NA	1:2	87	82	68	33	104	42	NA	4.1
lasCycle(10/50/e)	9003	1.2	8.2	6.7	81.1	108.0	2.9	2.42	2.2	0.83	0.83	6.96	5.0	22.5	33	195.00	23.00	1:2	87	80	180	65	210	105	1.41	1.97
veryIndia(10/50/e)	9003	4.2	13.5	0.0	42.1	39.6	0.8	7.70	19.1	3.08	3.01	7.33	17.4	35.0	49	190.00	19.36	2:5	84	58	195	109	169	142	2.46	3.37
Sarabhai(10/50/e)	9003	18.8	19.9	0.0	20.6	169.0	3.0	1.80	1.0	0.62	1.12	0.33	1.6	--	NA	18.00	33.32	1:5	82	17	26	11	20	11	NA	0.53
jajAuto(10/50/e)	9003	18.8	261.2	0.0	148.9	1014.4	50.3	163.6	15.4	65.10	62.13	34.61	23.2	110.0	33	645.00	19.43	1:1	87	95	770	355	680	500	1.64	4.52
jajElect(100/5/e)	9003	1.9	8.9	2.9	564.6	108.1	3.6	5.41	4.8	2.85	2.80	148.44	20.8	25.0	17	1225.00	6.74	1:1	89	50	1600	540	1050	675	2.50	1.77
jajHind(100/5/e)	9003	5.6	24.2	37.5	531.4	124.6	2.0	7.11	5.6	2.21	2.23	39.46	3.3	18.0	45	107.50	21.79	1:4	86	95	1500	360	110	87	2.10	1.62
jajTempo(10/50/e)	9003	6.6	36.5	0.0	65.1	219.1	2.2	23.25	10.5	6.87	5.45	10.38	15.9	20.0	24	213.75	23.85	1:1	86	87	325	118	258	109	0.81	3.80
keliteHylam(10/50/e)	9003	4.5	10.9	9.1	34.2	81.6	3.0	4.68	5.5	1.34	1.72	2.98	5.5	18.0	47	50.00	19.48	2:3	80	78	54	29	64	40	3.10	1.69
llarpurInd(10/100/e)	9003	21.0	100.9	180 0	58.1	572.0	17.8	66 46	11.3	39.66	49.63	18.81	13.1	28.0	12	290.00	16.22	1:2	89	74	310	112	308	240	0.92	5.25
rodaRayon(100/5/e)	9003	18.0	51.6	0.0	386.9	245.5	2.5	39.05	15.8	23.82	23.82	131.83	34.1	25.0	19	845.00	4.23	1:2	82	23	1875	435	940	400	4.48	1.4
ASF(10/50/e)	9003	4.3	16.9	2.6	49.6	86.0	1.4	10.54	12.1	4.67	5.73	10.94	19.7	20.0	15	165.00	12.57	1:2	88	56	240	110	230	100	1.45	2.77
ta(10/50/e)	8912	10.5	12.7	6.9	22.0	321.3	0.5	9.39	2.9	3.61	3.61	3.44	12.0	15.0	44	88.00	24.87	1:1	87	93	107	64	92	76	1.76	3.88
yer(100/5/e)	9003	16.2	17.7	0.0	208.8	148.1	2.2	11.29	7.5	5.32	5.32	32.80	15.7	20.0	61	975.00	25.15	1:1	87	78	1100	600	1000	600	2.42	3.95
rgerPaints(10/100/e)	9003	4.2	16.3	3.2	48.9	100.5	0.4	2.64	2.6	1.76	1.72	4.20	7.4	20.0	49	37.50	9.52	1:1	88	47	55	35	43	35	5.01	0.82
st&Cromp(10/50/e)	9003	7.6	16.6	4.8	32.0	176.9	2.3	3.68	2.1	2.06	1.46	2.72	7.1	10.0	52	50.00	16.51	3:5	82	27	78	35	54	26	2.23	1.41
adrachalam(10/50/e)	9003	10.6	24.4	0.0	33.1	123.0	1.0	15.23	12.3	8.11	12.61	7.63	23.0	32.5	27	170.00	20.26	–	--	–	154	80	175	75	2.10	4.66
aratForge(10/50/e)	9003	14.6	44.3	0.0	40.3	184.7	11.8	21.08	10.7	9.91	8.39	6.77	16.8	22.8	40	240.00	34.35	1:1	88	59	275	85	260	140	0.98	5.78
aratVijay(100/5/e)	9003	2.8	13.1	6.5	571.5	76.0	1.2	5.62	7.3	2.90	2.40	104.69	13.0	22.0	25	970.00	8.60	1:6	83	54	1500	475	1150	570	2.45	1.57
harAlloys(10/50/e)	9003	8.3	0.9	0.0	11.1	93.5	0.3	0.30	0.3	-1.76	-1.76	-4.46	-40.1	--	NA	16.00	NA	–	–	–	40	19	23	15	NA	1.71
metalBear(10/50/e)	9003	3.8	12.1	0.0	41.7	27.4	1.0	7.60	26.7	3.93	4.11	10.26	24.6	21.0	19	155.00	14.62	1:1	89	76	230	80	158	120	1.39	3.6
ndalAgro(10/50/e)	8912	14.9	48.3	0.0	42.5	122.1	5.4	16.41	12.9	13.01	13.01	8.76	20.6	50.00	57	41.25	4.42	–	--	–	85	38	55	36	12.89	0.91
laJute(10/100/e)	9003	20.4	95.3	64.5	56.8	467.8	16.2	26.60	5.5	4.65	4.69	2.28	2.6	18.0	78	335.00	98.56	1:1	86	86	240	52	340	155	0.80	3.96
ueStar(10/50/e)	9003	3.6	15.5	10.4	53.6	170.7	4.3	7.44	4.3	4.72	4.72	13.27	16.0	30.0	23	65.00	4.99	1:1	90	83	180	70	130	58	4.51	1.24
mbayDyeing(10/50/e)	9003	11.2	88.2	0.0	88.5	387.4	6.6	49.72	12.6	23.62	22.02	21.01	23.8	40.0	20	240.00	11.30	1:1	90	87	445	155	245	150	1.69	2.69
ots(10/50/e)	9003	8.1	11.1	0.0	23.7	75.8	2.4	9.34	11.9	4.74	4.73	5.85	24.7	30.0	51	172.50	23.92	1:1	87	88	145	90	173	93	2.14	5.92
itannia(10/100/e)	9003	18.6	27.3	0.0	24.7	314.3	7.0	17.36	5.4	9.76	10.14	5.26	21.3	24.0	44	176.25	27.59	1:2	89	89	170	52	180	110	1.66	5.88
ookeBond(10/50/e)	8912	44.2	39.8	0.0	19.0	539.4	12.3	51.91	9.4	27.99	28.66	6.21	32.7	30.0	46	150.00	19.03	4:5	89	83	175	92	160	120	2.15	7.34
ST(10/50/b)	8903	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-3.21	-8.2	--	NA	9.50	NA	1:1	74	36	NA	NA	--	--	NA	0.68
bleCorp(10/100/e)	9003	9.0	25.9	0.0	38.8	128.5	3.8	15.71	11.9	9.89	9.79	10.99	28.3	28.0	26	99.00	9.19	1:2	87	71	118	60	110	89	2.77	2.60
adburys(10/50/e)	9003	8.4	14.7	0.0	27.5	108.4	1.0	11.65	10.7	5.30	5.55	6.31	23.0	35.0	53	190.00	24.96	1:1	87	80	189	134	193	135	2.22	5.7
mphor&Allied(10/50/e)	9003	3.3	8.1	0.0	34.5	38.0	0.4	5.40	14.1	3.49	3.08	10.54	30.5	25.0	27	60.00	5.57	1:3	82	41	95	40	73	43	4.27	1.70
arborundum(10/50/l)	9003	8.3	27.7	4.8	43.4	50.4	1.2	8.30	16.1	4.20	4.20	8.69	17.7	25.6	30	135.00	15.20	2:5	87	–	131	75	143	98	1.13	3.04
strol(10/50/f)	9003	6.2	27.3	1.8	54.3	116.6	2.3	7.83	6.6	4.51	4.64	9.76	17.0	36.0	36	417.50	27.91	1:1	86	41	320	161	433	163	0.99	5.02
eat(10/50/e)	9006	14.8	85.6	23.6	68.0	499.5	15.9	31.01	6.0	22.44	18.68	15.20	18.1	30.0	24	120.00	5.84	1:2	86	–	160	68	98	70	3.38	1.31
emindia Co(10/50/e)	9003	1.3	8.6	0.0	77.1	23.1	0.1	2.22	9.6	0.89	0.73	6.95	9.0	30.0	52	120.00	15.46	3:5	84	38	150	75	140	80	2.76	1.39
howguleStShip(10/50/e)	9003	10.0	2.4	0.0	12.4	53.3	0.0	13.75	25.8	2.29	2.29	2.29	18.5	–	NA	89.00	10.92	5:2	77	35	34	14	93	13	NA	2.02
assicDiam(10/100/e)	9003	3.5	7.1	0.0	30.2	73.2	0.1	5.50	7.5	5.18	5.26	14.80	49.0	20.0	13	53.00	2.94	–	–	–	84	48	54	38	4.60	1.44
ochinRef(100/5/e)	9003	71.7	136.5	0.0	290.4	1342.6	0.7	94.75	7.1	64.46	68.76	89.91	31.0	21.0	21	850.00	10.45	–	–	–	996	480	950	670	2.14	3.24
olourChem(100/5/e)	9003	7.9	14.2	0.0	278.2	111.7	4.2	5.83	5.0	2.36	3.41	29.72	10.7	22.0	51	1075.00	33.64	2:5	80	84	850	575	1100	625	2.20	3.59
onsFounda(10/100/e)	9003	0.5	1.2	0.0	33.5	7.1	0.7	0.80	10.2	0.13	0.15	2.50	7.5	14.0	47	16.00	6.00	–	–	10	45	20	25	11	8.97	0.45

OTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 nths; j-17 months; k-13 months; l-7 months..

here the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 1 Aug	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice High 1990 Rs	MarketPrice Low 1990 Rs	MarketPrice High 1991 Rs	MarketPrice Low 1991 Rs	Yield on Mkt Price (%)	Price to BkVa Time
CromptonGr(100/5/e)	9003	19.2	38.8	27.8	302.3	510.4	7.0	27.26	5.3	13.08	13.45	68.13	15.2	18.0	26	1300.00	19.45	1:1	89	84	1800	800	1350	683	1.36	4.3
Cyanamid(10/50/e)	9003	5.3	12.5	0.0	33.8	66.8	2.4	8.27	12.0	4.09	4.06	7.79	23.0	25.0	32	142.50	17.97	9:4	79	73	150	86	145	81	1.78	4.1
DCM(10/100/e)	9003	23.0	37.8	0.0	26.4	774.8	25.5	25.48	3.2	9.85	7.63	4.28	16.2	–	NA	250.00	64.27	4:5	71	61	110	46	300	123	NA	10.4
DCW(10/50/e)	9003	5.9	23.5	5.0	49.8	133.6	2.1	13.27	9.8	6.41	4.51	10.88	18.6	25.0	33	107.50	7.58	1:1	88	67	155	40	113	55	3.03	1.6
DeepakFert(10/50/e)	9003	32.7	37.1	0.0	21.3	36.2	13.7	21.86	43.9	11.95	11.97	3.58	16.8	18.0	31	31.25	8.09	–	–	–	44	26	32	24	3.85	1.3
DeepakNitrite(10/50/e)	9003	2.4	8.4	8.8	44.7	37.5	4.8	5.90	13.9	3.54	3.63	14.57	18.0	30.0	20	100.00	5.83	2:5	85	81	155	80	108	81	3.53	1.9
DharamsiChem(10/50/e)	9003	6.4	14.8	0.0	33.0	120.8	2.4	10.51	8.5	6.22	4.09	9.69	29.3	25.0	39	52.50	4.77	2:5	79	88	100	40	75	40	5.42	1.4
Dunlop(10/100/e)	9003	19.0	67.2	88.8	45.4	572.7	8.4	26.80	4.6	8.15	9.08	4.25	4.6	30.0	63	60.00	12.94	1:3	76	54	90	50	61	33	5.46	1.2
Duphar(10/50/e)	9003	1.8	3.9	0.0	31.4	33.0	0.9	2.07	6.1	1.04	1.04	5.65	18.0	14.0	25	85.00	13.27	1:3	88	74	100	40	95	59	1.88	2.3
EicherMotors(10/100/e)	9003	10.0	0.3	0.0	10.3	113.6	0.6	4.25	3.7	3.21	3.21	3.21	31.3	–	NA	40.00	14.94	–	–	–	56	13	54	34	NA	4.6
EID-Parry(10/50/f)	9003	6.3	18.2	13.2	39.0	162.5	26.3	12.74	6.7	5.10	5.10	10.83	18.0	29.9	28	140.00	8.77	–	–	–	105	72	140	69	2.36	2.4
EleconEngg(10/50/e)	9003	5.7	26.6	0.0	57.1	99.8	1.7	7.54	7.4	0.78	1.03	1.38	2.4	12.0	66	47.50	37.12	3:5	87	61	88	53	55	48	2.35	0.9
ElgiEquip(10/50/e)	9003	1.0	10.9	0.0	119.0	58.4	0.8	4.03	6.8	1.77	1.77	17.70	14.9	20.0	11	240.00	14.69	1:1	86	88	350	200	280	190	0.77	2.1
Enfield(10/100/f)	8903	5.0	0.0	9.0	10.0	53.9	0.2	0.74	1.4	-1.36	-1.36	-3.99	-14.3	–	NA	18.00	NA	1:1	85	31	21	6	–	–	NA	1.8
EnglishElect(10/100/e)	9003	9.0	22.6	0.0	35.1	108.4	1.5	11.37	10.3	6.66	6.66	7.40	21.1	25.0	34	76.00	9.26	1:1	87	75	154	56	133	63	3.65	1.9
Escorts(10/50/e)	9003	33.9	103.4	22.4	40.5	794.8	25.0	45.20	5.5	22.69	22.50	6.69	14.2	30.0	45	162.50	24.65	3:5	86	57	215	78	170	135	1.82	4.0
Eskayef(10/50/e)	9003	7.5	26.6	0.0	45.4	67.2	1.1	12.64	18.5	7.83	7.83	10.44	23.0	30.0	29	213.75	17.84	1:2	88	33	200	116	215	110	1.61	4.1
EssarShipp(10/100/e)	9006	46.4	71.2	0.4	25.3	149.0	0.6	59.07	39.5	36.42	37.08	7.77	30.6	22.0	28	57.75	4.31	–	–	–	49	25	58	20	6.57	1.3
EssenComp(10/50/e)	9003	1.3	8.4	0.0	73.2	23.6	0.8	2.81	11.5	1.80	1.80	13.53	18.5	25.0	18	32.50	2.68	–	–	–	120	48	75	21	6.84	0.4
EverestBldg(10/50/e)	9003	2.5	15.4	0.0	72.3	78.2	2.0	6.69	8.3	4.39	3.56	17.77	24.6	20.0	24	116.25	7.03	1:3	66	41	290	95	160	88	2.79	1.7
ExcelInd(10/50/e)	9003	4.6	18.1	0.0	49.1	101.9	4.8	14.79	13.9	9.23	7.38	19.98	40.7	50.0	31	340.00	17.33	4:5	84	84	430	167	365	220	1.44	7.0
FerroAlloys(10/50/e)	9003	8.7	55.8	0.0	73.9	215.9	5.2	22.31	10.1	14.74	14.46	16.88	22.8	16.2	10	56.25	2.22	1:2	80	43	126	45	59	33	4.31	0.5
FinolexCables(10/50/e)	9003	3.2	38.5	0.0	128.9	109.8	7.1	13.59	11.6	9.15	9.15	28.24	21.9	50.0	18	235.00	7.83	4:5	88	44	410	195	260	170	2.26	1.7
FinolexPipes(10/100/e)	9003	10.9	6.5	0.0	16.0	74.1	2.0	4.77	6.3	3.17	3.48	2.91	18.2	18.0	39	25.00	8.09	–	–	51	65	24	33	20	5.34	1.4
GE Shipping(10/100/f)	9003	68.1	87.0	0.0	22.8	213.1	16.0	78.27	34.2	39.84	3.91	5.85	25.7	20.0	218	90.00	6.79	2:3	81	36	55	27	96 **	26	3.15	1.7
GeneralElect(10/50/e)	9003	14.4	24.4	0.0	27.0	173.3	2.6	8.96	5.1	5.20	5.20	3.61	13.4	10.0	28	63.00	12.74	1:1	89	77	48	8	64	30	2.17	1.7
GermanRem(10/50/e)	9003	3.3	9.2	0.0	38.3	69.8	4.2	7.27	9.8	4.32	4.47	13.25	34.6	20.0	15	127.50	8.30	3:5	82	80	400	68	155	85	1.81	2.8
Glaxo(10/50/e)	9003	20.0	56.0	0.0	38.0	334.1	15.6	23.34	6.7	10.55	15.37	5.28	13.9	27.0	35	142.50	19.05	1:3	80	54	128	80	143	83	2.69	2.6
GNFC(10/50/e)	9003	89.0	99.9	0.0	21.2	330.4	3.8	55.00	16.5	5.68	5.68	0.64	3.0	10.0	125	43.00	64.24	–	–	–	60	33	46	34	1.95	1.9
GodfreyPhil(10/100/e)	9003	2.6	6.4	0.0	34.8	466.1	2.4	9.61	2.1	3.97	3.97	15.19	43.7	50.0	33	360.00	18.43	1:1	75	34	250	48	360	175	1.79	8.0
GokakPatel(10/50/e)	9003	6.5	26.0	0.0	49.8	101.7	2.8	15.43	14.8	8.93	7.43	13.70	27.5	32.1	28	290.00	17.34	1:1	87	79	270	75	290	150	1.35	4.7
GoodlassNero(10/50/e)	9003	3.2	8.3	7.8	35.5	141.1	0.7	5.32	3.8	2.75	2.75	8.49	14.3	20.0	24	62.50	6.33	5:7	78	57	160	60	88	53	3.73	1.5
GordonWood(10/50/e)	9003	2.5	1.1	3.4	14.6	15.8	3.0	-0.71	-3.8	-0.85	-0.85	-3.41	-12.1	–	NA	13.75	NA	–	–	23	18	7	13	7	NA	0.6
GraphiteIndia(10/50/e)	9003	4.2	11.6	0.0	37.5	55.5	1.6	5.20	9.1	2.85	2.93	6.77	18.0	20.0	29	38.00	5.54	1:2	80	56	56	15	53	32	5.32	1.0
Grasim(10/50/e)	9003	48.5	203.6	54.6	52.0	1029.5	49.1	128.3	11.9	55.39	62.84	11.38	18.0	30.0	23	298.75	20.82	3:4	88	61	278	106	303	168	1.27	4.5
GreavesCotton(100/50/e)	9003	9.9	27.6	0.0	379.9	212.9	3.6	11.13	5.1	5.27	6.54	53.14	14.0	18.0	27	100.00	1.32	1:2	88	86	115	70	105	60	25.64	0.1
GSFC(10/50/e)	9003	44.4	335.7	0.0	85.6	682.5	10.9	88.78	12.8	54.09	40.08	12.17	14.2	30.0	29	232.50	17.67	3:10	87	64	308	155	240	158	1.20	2.9
GTC Ind(10/50/e)	9003	5.0	14.7	43.7	39.3	223.2	21.6	8.13	3.3	5.40	5.40	10.80	8.5	35.0	32	97.50	8.89	1:4	72	66	85	21	110	55	3.65	2.4
Guj Alkalies(10/50/e)	9003	17.9	33.9	0.0	28.9	112.4	0.8	20.31	17.9	7.55	6.05	4.22	14.6	26.0	77	168.75	35.88	1:5	87	18	140	75	173	120	1.72	5.2
Guj Ambuja(10/100/e)	9006	20.0	15.1	0.0	17.5	117.2	1.9	23.29	19.6	14.51	14.46	7.26	41.4	25.0	35	225.00	21.64	–	–	–	136	21	235	94	1.59	8.5
Guj Steel(10/50/e)	9003	4.6	11.1	6.5	34.1	125.2	0.3	4.52	3.6	1.97	1.97	4.28	8.9	15.0	35	23.00	5.14	1:1	82	57	47	22	27	19	6.82	0.9
HCL(10/100/e)	9006	14.9	29.4	0.0	29.8	226.7	3.3	7.93	3.4	5.65	6.14	3.80	12.8	10.0	24	67.50	17.74	–	–	–	70	24	80	30	1.48	2.4
HDFC(100/10/f)	9003	20.0	65.0	0.0	424.9	180.0	14.4	34.24	17.6	24.72	24.72	123.60	29.1	20.0	16	490.00	3.22	–	–	–	480	300	560	250	5.03	0.9
Herdillia(10/50/e)	9003	7.4	29.9	13.8	50.6	110.6	2.2	15.45	13.7	7.72	7.47	10.50	15.1	26.0	26	90.00	8.33	1:2	78	33	140	75	100	78	2.97	1.3
HeroHonda(10/50/e)	9003	16.0	0.0	0.0	10.0	149.8	2.9	6.97	4.6	-0.32	-0.32	-0.20	-2.0	–	NA	93.75	NA	–	–	–	85	15	97	58	NA	8.5
Hind Ciba(100/5/e)	9003	17.7	48.2	0.0	371.9	246.3	4.6	31.14	12.4	13.74	13.74	77.58	20.9	32.0	41	1970.00	15.15	1:2	80	74	1900	650	1970	700	2.72	3.3
Hind Motors(10/100/e)	9003	26.4	46.7	31.6	27.7	609.7	7.9	14.97	2.4	2.02	4.67	0.77	1.9	7.5	42	29.50	28.39	1:1	86	58	57	20	32	17	3.45	0.1
HindLever(10/50/e)	8912	93.3	135.2	0.0	24.5	1008.2	3.0	105.1	10.4	53.81	55.37	5.77	23.5	35.0	59	145.00	20.23	1:1	87	91	173	101	195	144	2.15	6.0
HMM (10/50/e)	9003	14.2	28.0	0.0	29.7	141.1	5.0	28.03	19.2	16.98	18.03	11.97	40.3	62.0	49	410.00	31.61	1:1	87	96	403	230	420	305	1.64	12.7
Hoechst(100/5/e)	9003	9.6	40.0	16.1	517.0	256.9	29.5	14.17	4.9	9.05	6.44	94.47	13.8	20.0	30	3900.00	30.70	1:2	82	72	3300	1260	3950	2650	0.69	5.9
HyderabadInd(10/50/e)	9003	5.7	41.3	8.5	82.8	133.8	4.4	14.24	10.3	7.37	7.37	13.00	13.3	30.0	23	160.00	11.54	1:1	88	83	153	77	175	130	2.00	1.9
ICI India(10/50/e)	9003	40.9	38.8	71.8	19.5	507.2	137.7	18.32	2.8	-12.19	-12.19	-2.98	-8.1	–	NA	73.00	NA	1:3	78	21	70	31	80	28	NA	2.7
IndiaCements(10/50/e)	9003	4.9	20.9	22.9	52.6	146.5	2.1	7.45	5.0	2.81	2.47	5.73	5.8	15.0	30	230.00	23.76	2:5	70	29	170	15	245	88	1.11	2.6
IndiaFoils(10/50/e)	9003	4.4	16.2	3.7	47.0	113.3	1.3	5.13	4.5	2.10	2.10	4.79	8.7	23.0	48	80.00	16.89	1:4	82	11	100	65	85	75	2.85	1.8
IndianAlum(10/100/d)	8903	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	5.35	20.5	20.0	37	185.00	36.71	2:5	77	38	260	110	207	150	1.27	7.1
IndianDystuff(100/5/e)	9003	11.3	17.0	14.2	250.1	206.3	10.7	13.46	6.2	4.18	3.25	36.96	9.8	14.0	49	900.00	17.32	1:4	80	33	850	250	975	450	2.18	2.4
IndianHotels(10/50/e)	9003	14.8	51.4	0.0	44.8	138.3	3.3	20.57	14.5	11.52	8.52	7.79	17.4	25.0	43	140.00	12.20	1:2	89	66	135	83	143	90	2.63	2.4
IndianOrganic(10/50/e)	9003	18.4	26.4	0.0	24.3	240.4	5.2	22.16	9.0	8.52	8.52	4.63	19.0	15.0	32	56.50	9.29	1:2	85	46	91	35	61	31	3.49	1.9
IndianRayon(10/50/e)	9003	25.4	134.5	58.4	62.9	405.2	8.9	47.55	11.5	19.79	19.86	7.78	9.1	30.0	38	164.00	14.01	1:4	80	3	175	84	168	114	2.75	1.9
IndiaSteamship(10/50/e)	8903	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	11.72	-26.6	–	NA	19.00	1.15	1:1	75	27	19	12	19	9	NA	N

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months. i-14 months; j-17 months; k-13 months; l-7 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 1 Aug	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice High 1990 Rs	MarketPrice Low 1990 Rs	MarketPrice High 1991 Rs	MarketPrice Low 1991 Rs	Yield on Mkt Price (%)	Price to BkVal Times
IngersollRand(10/50/e)	9003	15.8	34.3	0.0	31.7	111.3	7.8	21.96	18.4	14.34	15.09	9.09	28.7	25.0	26	355.00	37.69	1:1	89	98	305	190	385	240	0.73	10.80
IOL (10/50/e)	9003	14.6	18.1	13.4	22.4	168.4	1.4	7.85	4.6	0.25	1.80	0.17	0.5	10.0	81	61.00	286.2	1:3	85	81	56	31	61	30	2.04	2.19
ITC(10/100/e)	9003	66.3	152.3	0.0	33.0	1807.6	19.7	98.93	5.4	52.62	48.87	7.93	24.1	37.5	51	250.00	20.11	1:1	89	63	180	50	265	103	2.35	4.84
JagatjitInd(10/100/e)	9003	6.1	23.3	3.8	48.4	151.6	1.5	13.44	8.8	5.97	6.34	9.83	18.0	35.0	34	95.00	9.66	1:1	88	92	120	74	105	80	3.70	1.96
Jaiprakash(10/100/e)	9003	66.1	49.0	9.5	17.4	309.9	17.9	42.50	13.0	17.04	17.11	2.58	13.7	15.0	58	52.00	13.00	–	–	–	37	13	54	18	4.47	1.92
JayshreeTea(10/50/e)	9003	6.2	22.5	22.7	46.5	122.2	18.1	31.49	22.4	8.36	7.45	13.59	16.3	27.5	23	220.00	13.24	1:2	85	92	240	77	240	170	1.53	3.87
Jenson&Nichol(10/50/e)	9003	1.5	6.0	1.9	50.1	76.8	0.4	2.82	3.7	1.84	1.84	12.16	19.4	20.0	16	85.00	6.62	8:7	82	35	148	69	91	73	2.48	1.61
JindalStrips(10/100/e)	9003	6.6	27.0	0.0	50.8	276.0	4.9	19.06	6.8	11.92	9.67	18.06	35.5	40.0	16	255.00	12.46	1:1	89	79	280	100	260	135	1.05	4.43
JK Synth(10/100/e)	8903	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	4.69	6.5	22.0	39	47.00	8.22	1:3	83	53	90	35	48	27	4.84	0.88
Jyoti(10/50/e)	9003	2.7	10.2	8.5	48.2	48.3	0.2	-0.06	-0.1	-0.64	-0.99	-2.39	-3.0	–	NA	27.00	NA	1:2	77	24	40	8	28	18	NA	0.46
KanoriaChem(10/100/e)	9003	4.0	17.1	0.0	52.4	74.6	3.7	6.11	7.8	1.07	1.17	2.65	5.1	15.0	51	54.00	20.39	1:2	89	78	48	13	54	27	2.75	1.03
KEC Inter(10/50/e)	9003	7.3	32.3	4.3	54.0	112.7	3.2	5.31	4.6	2.89	3.31	3.94	6.6	18.0	36	40.00	11.43	1:1	83	24	75	37	54	34	3.63	0.83
KesoramInd(10/100/e)	9003	11.5	54.7	46.4	57.7	217.5	8.1	10.86	4.8	-1.70	3.14	-1.60	-1.6	8.7		125.00	NA	1:2	79	54	135	42	130	65	0.92	1.65
KineticEngg(10/50/e)	9003	2.4	22.6	0.0	104.1	122.0	2.6	13.74	11.0	3.70	1.84	15.42	14.8	25.0	33	195.00	10.95	1:1	89	78	355	134	198	160	1.48	1.62
KineticHonda(10/100/i)	8903	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	1.35	10.5	–	NA	71.00	48.30	–	–	–	98	40	79	54	NA	5.06
KirloskarCum(10/50/e)	9003	26.4	50.0	0.0	29.0	227.3	5.9	25.70	11.0	11.65	9.66	4.41	15.2	20.0	55	161.25	31.05	1:1	86	94	125	65	164	104	1.46	4.73
KirloskarOil(10/50/e)	9003	5.8	17.3	0.0	40.1	140.2	4.1	7.30	5.1	3.41	2.93	5.74	14.3	16.0	33	77.00	11.54	3:7	76	77	70	27	84	34	2.42	1.65
KirloskarPneu(10/50/e)	9003	3.9	11.1	0.0	38.8	75.0	2.8	6.84	8.8	2.79	2.74	7.25	18.7	18.0	25	37.50	6.90	–	–	–	88	37	58	35	3.58	1.29
KothariInd(10/50/f)	9003	7.8	9.9	40.0	22.6	50.5	6.0	7.58	13.4	6.35	5.31	10.80	14.7	24.0	26	77.50	5.44	–	–	–	108	32	80	45	2.95	2.60
KSB Pumps(10/50/e)	9003	8.7	19.3	0.0	32.1	54.6	1.3	12.47	22.3	6.36	6.30	7.31	22.7	20.0	28	220.00	28.04	1:1	89	90	260	160	230	170	0.98	6.36
L & T(10/50/e)	9003	68.1	268.6	80.0	49.5	1091.6	26.8	99.51	8.9	38.73	42.97	5.69	9.3	25.0	37	143.00	16.87	3:5	86	56	173	57	149	90	2.44	1.94
LakhanpalNat(10/50/e)	9003	4.6	8.1	0.0	27.7	67.5	2.0	2.19	3.2	0.93	0.08	2.04	7.4	16.0	800	55.00	18.92	1:1	87	25	40	23	65	27	3.64	1.39
LakshmiMach(100/5/e)	9003	6.1	25.3	0.0	513.9	185.4	0.7	21.07	11.3	8.44	8.44	138.36	26.9	25.0	18	3800.00	29.99	1:2	89	58	4250	690	4200	2715	0.60	8.07
MadrasCement(100/5/e)	9003	3.0	13.3	0.0	539.1	101.3	0.9	11.23	11.0	0.71	1.31	19.9	3.7	–	NA	5300.00	229.0	–	–	–	4200	421	5500	3100	NA	8.44
MaduraCoats(10/50/e)	9003	21.8	56.5	55.6	35.9	337.1	5.4	34.65	10.1	18.47	18.74	8.47	13.8	40.0	47	250.00	21.85	1:2	86	47	325	101	265	183	2.17	5.15
MafatlalDyes(10/50/e)	9003	2.1	7.1	0.0	44.0	50.5	1.3	2.26	4.4	1.14	1.14	5.43	12.4	20.0	37	72.50	8.29	1:4	89	80	63	29	74	30	4.44	1.02
MafatlalFine(100/5/e)	9003	14.9	19.0	0.0	227.6	204.3	20.6	2.00	0.9	-4.79	-4.35	-32.19	-14.1	–	NA	700.00	NA	1:3	80	39	770	205	705	330	NA	1.76
MafatlalInd(100/5/e)	9003	13.5	43.8	0.0	425.7	150.2	12.2	11.15	6.9	3.05	3.05	22.68	5.3	22.0	97	1380.00	42.78	1:5	78	25	1450	360	1425	650	2.27	2.28
MahaScooters(10/50/e)	9003	2.9	36.4	0.0	137.4	109.8	14.1	16.96	13.7	12.36	10.14	43.22	31.5	40.0	11	210.00	5.03	1:1	90	65	570	175	218	170	1.83	1.58
Mah&Mah(10/50/e)	9003	19.3	84.5	29.0	53.9	883.6	38.0	40.15	4.4	15.97	12.60	8.29	12.0	25.0	38	76.25	9.05	2:3	84	72	130	65	78	65	3.34	1.39
MangChem(10/50/d)	8903	12.4	12.4	0.0	20.0	144.8	36.3	10.09	5.6	8.85	12.74	5.70	28.6	8.0	10	15.00	2.19	–	–	–	39	14	17	11	7.99	0.63
McDowells(10/100/e)	9003	7.7	54.0	55.6	80.3	230.2	9.8	14.59	6.1	8.11	8.11	10.55	6.9	25.0	24	63.75	6.07	1:1	86	–	100	64	74	56	3.91	0.80
Mico(100/5/e)	8912	38.1	67.9	0.0	278.3	263.7	5.8	48.64	18.0	14.61	16.74	38.40	13.8	14.0	32	1390.00	26.30	1:1	86	91	1350	690	1525	700	1.39	3.63
ModiInd(10/100/e)	9003	3.3	4.5	10.9	23.5	197.0	7.9	-6.61	-3.2	-10.19	-14.17	-30.91	-54.8	–	NA	15.00	NA	1:5	69	26	33	15	20	10	NA	0.53
ModiRubber(10/50/e)	9003	10.4	56.0	0.0	63.9	473.8	8.5	25.06	5.2	6.08	7.16	5.86	9.2	25.0	36	75.00	10.50	–	–	–	100	44	80	50	4.07	0.96
ModiSteels(10/100/e)	9003	2.4	2.5	0.0	20.5	20.6	0.4	1.52	7.2	1.08	1.08	4.58	22.3	18.0	40	39.00	7.65	1:1	87	14	48	23	40	28	5.21	1.71
ModiXerox(10/50/e)	9003	19.5	4.7	0.0	12.4	123.8	0.5	12.31	9.9	6.03	6.03	3.10	25.0	16.0	52	87.50	22.60	–	–	–	110	60	88	60	2.29	5.65
MRF(10/50/e)	9003	3.9	55.0	0.0	152.4	572.9	2.2	32.10	5.6	12.35	9.86	31.99	21.0	60.0	23	560.00	14.14	1:2	75	46	470	190	565	300	1.32	2.97
Mukand(10/50/e)	9003	14.7	49.5	43.3	43.6	527.4	5.0	32.24	6.1	19.03	13.77	12.91	17.7	30.0	32	150.00	14.91	1:2	88	72	275	127	233	117	1.56	4.42
NationalRayon(100/5/e)	9003	6.0	8.2	63.5	237.1	201.6	2.0	13.10	6.4	10.89	10.89	181.20	14.0	–	NA	850.00	2.26	1:4	72	23	1700	385	875	328	NA	1.73
NationalSteel(10/100/e)	9003	10.8	2.9	0.0	12.7	73.7	0.5	2.67	3.6	0.45	0.38	0.42	3.3	–	NA	14.50	31.26	–	–	–	31	9	18	12	NA	1.02
NipponDenro(10/100/i)	9006	19.2	35.5	0.0	28.5	408.1	1.8	24.23	5.9	13.24	13.60	5.90	20.7	22.0	28	30.00	4.32	–	–	–	61	36	40	23	7.88	0.90
Nirlon(10/50/e)	9003	15.8	7.2	16.1	14.6	164.4	2.0	-8.20	-4.9	-20.65	-18.64	-13.10	-52.9	–	NA	37.00	NA	1:2	82	48	43	14	39	17	NA	1.48
NOCIL(100/5/e)	9003	36.0	109.9	0.0	405.2	445.8	21.7	81.56	17.4	42.24	42.24	117.33	29.0	40.0	34	1800.00	10.87	1:2	86	67	1900	900	1900	925	3.14	3.15
OrientalCarbon(10/50/e)	9003	3.2	9.0	5.7	37.8	50.8	0.2	3.59	7.1	1.17	2.50	3.63	6.6	20.0	26	42.00	11.56	1:3	89	25	90	34	68	35	4.73	1.11
OrientPaper(10/100/e)	9003	11.5	83.8	0.0	83.2	237.8	5.5	17.79	7.3	4.71	9.56	4.10	4.9	18.0	22	200.00	40.3	1:1	86	–	180	65	210	125	1.11	1.98
OrissaCement(10/100/e)	9003	5.4	30.9	16.6	67.2	122.1	4.6	10.53	8.3	1.22	1.33	2.26	2.3	20.0	81	210.00	74.36	1:1	87	58	175	25	225	125	1.19	2.50
OTIS(10/50/e)	9003	5.4	20.3	0.0	47.9	59.1	1.5	8.76	14.5	4.04	3.57	7.52	15.7	25.0	36	220.00	28.58	1:1	85	80	265	170	220	170	1.10	4.49
ParkeDavis(10/50/e)	9003	7.5	9.8	0.0	23.0	81.2	0.6	8.46	10.3	5.17	5.19	6.87	29.8	35.0	51	100.00	12.09	3:5	78	31	133	80	103	70	4.22	3.60
PeicoElect(10/100/e)	9003	33.3	16.9	19.3	15.1	417.9	4.1	15.97	3.8	3.24	1.92	0.97	4.7	10.0	173	110.00	92.56	1:5	82	49	85	17	115	53	1.11	5.98
PhillipsCarbon(10/50/e)	9009	5.3	6.9	2.5	23.2	82.9	2.4	2.55	3.0	0.90	0.83	1.71	6.1	14.0	89	42.50	21.92	2:5	84	70	53	33	45	30	3.75	1.62
Polyolefins(100/5/e)	9003	19.3	56.5	0.0	392.7	209.3	11.9	35.25	15.9	18.14	18.22	93.99	23.9	35.0	37	1600.00	13.57	1:2	88	69	1525	850	1650	900	2.75	3.25
PrakashTubes(10/50/e)	9003	3.5	10.7	2.8	40.4	81.6	0.8	6.57	8.0	3.23	1.17	9.20	19.0	24.0	72	40.00	4.35	3:4	81	9	80	33	46	31	5.98	0.99
PremierAuto(10/50/e)	9006	22.8	73.9	50.1	42.5	551.0	10.7	29.41	5.2	15.82	14.27	6.95	10.8	30.0	46	48.50	6.69	1:1	86	38	80	37	52	32	6.16	1.09
Procter&Gamble(10/50/e)	9006	6.7	15.2	0.0	32.8	75.3	1.5	6.40	8.3	4.48	5.60	6.71	20.4	30.0	36	280.00	40.26	4:5	88	82	390	185	280	190	1.11	8.23
PudumjeePulp(10/50/e)	9003	3.1	17.8	0.0	67.8	56.0	1.5	10.45	18.2	6.27	4.41	20.36	30.0	15.0	10	127.50	6.39	1:5	82	55	200	90	138	83	1.15	1.92
PunjabConcast(10/50/f)	8903	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	41.69	40.7	33.3	7	180.00	5.04	–	–	–	350	157	250	160	1.17	2.05
PunjabTractors(10/50/e)	9003	3.2	26.9	0.0	95.3	158.6	2.1	13.81	8.6	7.57	6.41	24.03	25.2	50.0	25	250.00	8.84	2:5	81	29	400	135	275	140	2.36	2.23
Rallis(10/50/e)	9003	9.5	35.6	0.0	47.3	356.0	4.6	5.63	1.6	1.83	1.83	1.92	4.1	10.0	52	110.00	50.77	3:10	77	12	130	67	141	71	1.02	2.06
RanbaxyLabs(10/50/e)	9003	9.1	31.5	0.0	44.6	199.1	8.3	13.35	6.4	8.09	5.29	8.87	19.9	25.0	43	250.00	17.19	1:1	88	NA	130	86	265	100	1.64	3.42

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months, f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months..

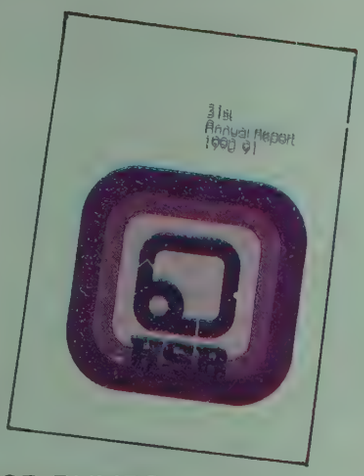
Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 1 Aug	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	Market Price High 1990 Rs	Market Price Low 1990 Rs	Market Price High 1991 Rs	Market Price Low 1991 Rs	Yield on Mkt Price (%)	Price to BkVal Times
Rasoi (10/50/e)	9003	1.2	6.6	0.0	64.7	59.3	1.1	1.64	2.7	0.64	0.84	5.33	8.2	20.0	29	63.75	12.56	1:2	85	35	85	48	68	45	2.99	1.04
RathiAlloys(10/50/e)	9003	2.9	19.5	0.0	77.3	112.0	0.5	6.41	5.7	3.59	8.14	12.42	16.1	40.0	14	50.00	4.19	–	--	–	180	53	70	41	7.65	0.67
Raymonds(10/50/e)	9003	22.5	83.6	0.0	47.2	376.6	8.7	41.07	10.7	18.50	18.12	8.08	17.1	20.0	25	172.00	20.29	1:1	87	78	175	70	193	118	1.22	3.47
Reckitt&Col(10/50/e)	8912	8.4	18.1	0.2	31.6	85.2	2.4	14.09	16.1	7.93	7.96	9.45	29.7	40.0	42	335.00	29.10	1:1	88	70	280	198	340	205	1.46	8.71
RelianceInd(10/50/e)	9003	152.1	929.1	0.0	71.1	1840.7	16.9	252.5	13.6	90.50	93.40	5.89	8.3	30.0	49	187.00	22.40	3:5	83	10	245	50	192	91	2.27	1.86
ReliancePetro(10/100/e)	8903	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	0.58	5.8	15.0	90	32.00	62.01	–	--	–	57	21	49	28	1.46	3.58
Revathi CP(10/50/f)	9003	1.6	3.9	0.4	33.9	17.2	0.1	1.64	9.5	0.93	0.95	7.62	20.9	26.5	34	98.00	11.81	1:1	87	50	100	67	100	75	2.21	2.65
RhonePoulenc(10/50/e)	9003	4.5	11.3	0.0	35.2	74.2	2.5	6.19	8.1	4.43	4.43	9.84	28.0	15.0	15	138.75	11.28	–	--	–	125	69	145	83	1.36	3.15
SandvikAsia(100/5/e)	8912	5.8	10.4	0.0	280 1	49.8	1.3	6.89	13.5	2.54	3.21	43.94	15.7	25.0	45	1435 00	29 47	1:1	84	80	1500	610	1475	725	1.92	4.62
Searle (10/50/e)	9003	5.2	17.8	0.0	44.1	56.1	2.0	6.43	11.1	3.98	4.07	7.62	17.3	20.0	26	167.50	17.71	1:2	89	87	170	105	168	100	1.48	3.08
SesaGoa(10/50/e)	9003	5.2	12.7	0.0	34.7	74.7	3.2	7.58	9.7	3.38	3.42	6.56	18.9	18.0	27	450.00	34.66	2:5	86	42	220	89	470	125	0.79	6.56
SeshaPaper(10/100/e)	9003	7.3	0.0	0.0	10.0	58.6	1.4	1.54	2.6	-1.53	-1.53	-2.11	-21.1	--	NA	37.00	NA	1:2	76	24	35	10	45	14	NA	2.00
ShalimarPaint(10/100/e)	9003	1.9	2.1	0.0	21.2	67.2	0.4	1.01	1.5	0.72	0.72	3.81	18.0	10.0	26	55.00	15.75	3:10	82	67	60	38	60	50	1.68	2.83
ShawWallace(10/100/e)	9003	12.0	37.0	20.5	40.8	333.6	34.9	24.87	6.7	13.88	13.93	11.57	20.0	42.5	37	160.00	9.29	1:1	87	94	110	67	170	80	3.95	2.64
ShreeSynth(10/50/e)	9003	5.6	22.0	0.0	49.1	160.1	1.8	17.25	10.7	9.12	7.68	16.23	33.0	40.0	29	77.50	4.01	2:5	84	29	155	42	78	45	6.16	1.32
SI Shipping(100/5/e)	8909	6.0	26.5	0.0	542.3	57.7	6.3	26.49	41.4	16.69	12.17	278.17	51.3	40.0	20	2150.00	4.58	1:2	82	83	1750	875	2190	750	3.14	2.35
SI Viscose(100/5/e)	9003	11.0	38.5	0.0	449.0	132.7	2.1	33.85	25.1	23.59	23.59	213.87	47.6	45.0	21	1650.00	7.25	1:2	87	56	3000	1110	1715	1150	2.90	3.45
SiptaCoated(10/100/e)	9003	18.0	7.5	0.0	14.1	127.6	2.7	5.07	3.9	2.43	2.53	1.35	9.6	15.0	66	13.00	10.36	–	--	–	34	13	19	11	6.59	0.99
SiyaramSilk(10/100/e)	9003	3.7	9.8	0.0	36.6	71.6	2.1	5.10	6.9	2.16	1.94	5.90	16.1	21.0	40	60 00	9.15	1:2	88	42	98	24	74	36	3.90	1.47
SKF Bearings(100/5/e)	9003	24.7	55.4	0.0	324.1	142.0	8.2	44.83	29.9	20.76	19.44	84.01	25.9	15.0	19	2775.00	33.03	1:1	89	80	2775	1230	2925	1725	0.54	8.56
SpecialSteel(10/50/e)	9003	11.4	29.5	0.0	35.9	210.7	1.8	27.17	12.8	14.91	14.91	13.06	36.3	25.0	19	175.00	14.55	1:2	89	45	275	90	215	125	1.32	5.29
SpicElect(10/50/e)	9003	8.2	0.0	0.0	10.0	5.3	0.5	0.29	5.0	-0.53	-0.53	-0.65	-6.5	--	NA	13.50	NA	1:1	86	–	33	12	19	11	NA	1.15
StandardInd(10/50/e)	9003	11.1	37.5	30.6	43.9	223.1	18.0	13.84	5.7	1.79	1.86	1.62	2.3	20.0	119	125.00	43.25	2:5	82	72	128	53	128	51	2.85	1.59
StrawProducts(10/100/e)	9003	10.1	41.2	0.0	50.6	172.8	3.2	18.55	10.5	7.94	7.94	7.76	15.3	30.0	40	165.00	20.74	1:2	72	17	155	73	180	113	1.91	3.18
SundramFast(10/50/e)	9003	5.1	15.7	0.0	40.8	92.5	0.8	8.86	9.5	4.90	5.14	9.61	23.6	27.5	27	110.00	13.01	3:5	88	56	120	61	153	97	2.20	3.06
SupremeInd(10/50/e)	9006	2.3	29.7	0.0	140.2	115.4	0.8	8.98	7.7	5.24	5.27	22.98	16.4	60.0	26	300.00	13.49	1:1	87	70	500	225	335	190	1.94	2.21
SurajDiamond(10/100/e)	9003	10.5	30.9	0.0	39.5	135.3	0.2	11.21	8.3	10.85	10.85	10.35	26.2	25.0	13	50.00	3.86	–	--	–	65	43	54	34	3.44	1.01
SwadeshiPoly(10/50/e)	9003	3.9	19.1	16.9	58.9	66.6	2.6	4.58	6.6	1.83	1.83	4.69	4.6	17.5	37	45.00	7.99	–	--	–	95	38	45	32	4.65	0.64
SylvaniaLaxman(10/50/e)	9003	3.0	2.1	7.3	17.2	39.0	0.6	1.26	3.2	0.43	0.43	1.44	3.5	12.5	86	32.50	22.18	1:2	86	33	45	20	38	23	3.88	1.86
Synth&Chem(10/50/e)	9003	9.9	16.7	24.3	26.9	140.4	1.4	6.79	4.8	3.84	4.63	3.89	7.6	25.0	37	50.00	12.97	–	--	–	84	39	58	39	3.41	1.87
TataChem(10/50/e)	9003	49.2	259.3	0.0	62.7	266.2	42.9	77.30	25.0	40.74	36.12	8.29	13.2	30.0	41	93.00	8.33	2:5	85	27	165	63	97	60	4.35	1.10
TataPower(100/5/e)	9003	20.5	105.1	0.0	612.2	416.2	5.5	48.32	11.5	40.05	12.08	195.18	31.9	20.0	34	2220.00	6.69	1:5	75	–	1950	410	2300	925	1.53	2.13
TataPress(10/50/e)	9003	1.6	5.6	0.0	45.9	19.8	0.8	0.62	3.0	-0.56	-0.56	-3.57	-7.8	10.0	-29	52.50	NA	7:11	83	30	75	43	55	35	2.32	0.96
TataRobins(10/50/e)	9003	3.1	5.1	0.0	26.3	36.3	1.2	2.50	6.7	0.72	0.52	2.31	8.8	16.0	96	57.00	16.25	1:4	77	5	85	36	58	35	4.27	1.43
TataTea(10/50/e)	9003	17.1	110.0	0.0	74.4	256.2	14.3	76.77	28.4	41.49	41.12	24.28	32.6	60.0	25	440.00	14.52	2:5	88	40	490	173	445	275	1.70	4.74
TataTelecom(10/100/e)	9003	4.5	5.8	0.0	23.0	24.8	0.3	2.77	11.0	1.62	1.46	3.60	15.7	--	NA	115.00	20.14	–	–	–	115	45	120	59	NA	3.16
TataUnisys(10/50/e)	9003	4.4	8.9	0.0	30.4	39.1	1.3	9.01	22.3	5.15	5.15	11.76	38.7	30.0	25	300.00	13.61	2:5	87	29	235	24	330	130	1.87	5.27
TCI(10/50/e)	9003	5.1	15.4	15.0	40.3	142.4	1.1	6.74	4.7	1.37	2.02	2.70	3.9	18.0	46	55.00	10.66	1:2	86	81	68	24	60	23	6.30	0.71
Telco(10/50/e)	9003	103.7	378.7	0.0	46 5	1905.9	63.2	197.2	10.0	102.5	94.32	9.88	21.2	30.0	33	265.00	22.78	2:5	82	0	273	110	278	144	1.33	4.84
Tinplate(10/50/e)	9003	10.1	12.2	0.0	22.0	168.0	1.9	5.55	3.3	2.57	2.61	2.54	11.5	15.0	58	50.00	17.72	4:5	76	19	53	25	50	28	3.34	2.04
Tisco(10/50/e)	9003	229.4	1103	0.0	58.1	1976.2	159.4	294.6	13.8	148.5	102.0	6.47	11.1	30.0	50	232.50	28.58	2:5	87	30	275	103	240	134	1.19	3.19
TOMCO(25/5/e)	9003	8.1	24.2	0.0	99.6	335.3	4.2	10.55	3.1	5.36	5.36	16.12	16.2	20.0	33	90.00	4.34	1:5	90	36	390	65	98	60	7.71	0.70
TribeniTiss(10/50/e)	9003	8.0	10.4	0.0	23.1	64.7	0.1	7.05	10.9	4.78	5.26	6.01	26.1	30.0	45	187.00	21.29	1:4	84	31	155	74	190	91	2.35	5 55
TVS Suzuki(10/100/e)	9003	23.1	0.0	0.0	10.0	142.2	1.6	-0.75	-0.5	-5.53	-5.20	-2.39	-23.9	--	NA	16.00	NA	–	--	–	29	9	16	11	NA	1.20
Tw.CenturyFin(10/100/e)	9003	8.9	13.4	3.0	25.1	31.3	1.9	19.44	58.5	4.04	4.03	4.55	16.0	22.0	48	32.50	7.03	2:5	85	34	55	22	39	26	6.86	1.28
UnichemLab(10/50/e)	9003	1.4	4.4	3.5	42.7	51.2	1.7	0.40	0.8	-0.23	0.14	-1.70	-2.5	10.0	100	145.00	NA	1:2	86	67	60	30	145	45	1.22	1.99
UnionCarbide(10/50/e)	9003	32.6	29.9	0.0	19.2	230.6	3.6	9.31	4.0	-13.22	-11.58	-4.06	-21.2	6.0	-17	58.00	NA	1:2	80	74	47	22	61	36	1.31	2 35
Unitech(10/100/e)	9003	7.2	16.5	0.0	32.9	51.1	0.3	6.34	12.3	4.48	4.97	6.21	18.9	22.0	32	36.00	5.79	–	--	57	43	25	39	25	6.13	1.09
UnivCables(10/50/e)	9003	5 3	45.7	15.2	95.6	130.7	3.0	10 27	7 7	5 59	5.59	10 47	8.4	18.5	18	100 00	9.08	1:2	79	22	140	80	110	70	1.95	0 99
VideoconInt(10/100/e)	9003	4.2	33.4	0.0	89.2	417.6	0.2	40.45	9.7	27.16	26.91	64.36	72.1	60.0	6	205.00	3.57	–	--	–	600	180	275	134	1.79	2.58
VikrantTyres(10/50/e)	9003	10.4	4.6	0.0	14.4	218.1	1.2	11.01	5.0	2.00	3.00	1.82	12.6	15.0	54	40.00	15.41	–	--	–	58	20	40	21	5.36	1.94
VindhyaTele(10/100/e)	9003	3.9	11 5	9.5	39.4	54.0	0.4	8 39	15.4	3.13	3.13	8.03	12.6	24.0	30	80 00	8.66	–	--	–	140	64	83	58	3 47	1 76
VIP Ind(10/100/a)	9003	6.0	3.5	0.0	15.8	53.1	1.0	1.11	2.1	-0.47	-0.48	-1.18	-7.4	--	NA	67.50	NA	1:1	84	59	83	17	76	40	NA	4.53
Voltas(10/50/e)	9003	19.9	42.1	0.0	31.2	500.0	3.7	24.81	4.9	18.16	18.26	9.15	29.3	24.0	26	127.50	13.39	1:2	89	49	145	65	130	95	1.96	3.92
VST Ind(10/50/e)	9003	9.7	13 2	16 4	23 7	374.6	2.3	13 72	3.6	5.93	5.93	6.15	15.1	30.0	49	185 00	25 22	3:5	89	85	145	33	185	95	1 94	6.54
WestCoastPaper(100/5/e)	9003	4 1	8 3	0.0	302 2	105 4	1.4	6.16	5.8	4.39	4.39	107.07	35.4	15.0	14	625 00	8 27	1:5	74	37	925	290	890	415	1 71	2 93
WI Enterprises(10/50/e)	9003	4.8	9.0	1.5	28.6	46.2	0.0	3.04	6.6	1.01	0.96	2.10	6.6	16.0	80	16.00	8.57	3:5	83	19	38	18	22	15	8.89	0.63
Wimco(10/50/e)	9003	13 6	5 5	0.0	14.1	121 3	4 4	-6 45	-5.1	-8.55	-4 00	-6.30	-44.8	--	NA	40 00	NA	1 5	70	31	75	17	41	17	NA	1 71
Wipro(10/50/e)	9003	3 7	20 3	0 0	65 1	179 1	7.9	9 23	4 9	4.56	2 82	12 36	19.0	25 0	33	300 00	23 47	1.1	89	95	355	190	320	210	0 86	4 46
ZuariAgro(10/50/e)	9003	12 4	58 4	0 0	56 9	258 7	5.5	19.82	7.5	8.22	11 93	6 13	10.8	30.0	33	90.00	12.23	–	--	–	100	50	95	60	4 00	1 32

NOTE The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months, c-10 months, d-15 months, e-12 months, f-9 months, g-16 months; h-11 months, i-14 months, j-17 months, k-13 months; l-7 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised



KSB PUMPS

A SEDATE PERFORMANCE

The pump-maker has churned out what can just about be called a passable performance in the year to 31 March 1991. Thanks to a 54% jump in other income — mainly returns from investments and miscellaneous income — KSB Pumps Ltd's (KSBPL's) gross turnover moved up by 5.75% when compared with the previous year to March 1990. Gross sales, erection and other charges rose by a sedate 4.49% to Rs 57.06 crore (Rs 54.60 crore). Gross profit (GP) increased by 9% and net profit (NP) by 12%. While KSBPL's earning per share (EPS) was up to Rs 8.19 (Rs 7.31), its book value per share (BVPS) totted up to Rs 37.83 (Rs 32.14). With the board of directors proposing a higher dividend — Rs 2.50 (Rs 2.00) per share — the payout was higher at 30.53% (27.36%). In contrast, the return on net worth (RONW) dipped marginally to 21.66% (22.74%). KSBPL's price/earning ratio (P/E) is 25.64 on the current market price of Rs 210.00 (Bombay stock exchange — BSE — 22 July 1991).

Chairman A.V. Setalvad has attributed the marginal improvement in the company's performance to the adverse business climate during 1990-91. He contends that the unrest in parts of the country, coupled with a shortage of fuel, stifled the demand for submersible pumps. The figures bear him out. Besides a drop in the number of power-driven pumps sold — about 10,536 (10,990) — the average per unit realisation also fell to Rs 381.90 (Rs 419.50).

Upsetting KSBPL's projections was a 19.35% jump in the company's miscellaneous expenses. This increase more than nullified the savings the company achieved on the material costs front. Then there was the tax axe. Like last year, it chopped away a major chunk — about 38.98% (41.22%) — of the company's profit before tax (PBT). Besides, the company didn't put up too good a show in fixed asset utilisation. To cap it all, the KSBPL management increased its dependence on short-term funds to finance its operations in 1990-91. It went to the extent of even using that expensive source to repay long-term debt.

The brighter side. On the positive side, the company got its Coimbatore units — for industrial valves and castings — on an even keel, thus bringing about an improvement in capacity utilisation. Average per unit price realisation went up to Rs 4,118 (Rs 2,914) in the case of industrial valves and to Rs 55.67 (Rs 39.93) for castings.

As for the future, though demand is not sluggish, competition is creeping into the pumps market. Hence, per unit realisation for pumps is likely to fall as price discounting may become a necessity. But valves and castings can, to a certain extent, help bolster future earnings. There is a huge export market for castings which is just waiting to be tapped, not to speak of the domestic arena. So a further finetuning of its product portfolio may help the company push up its revenues and profits.

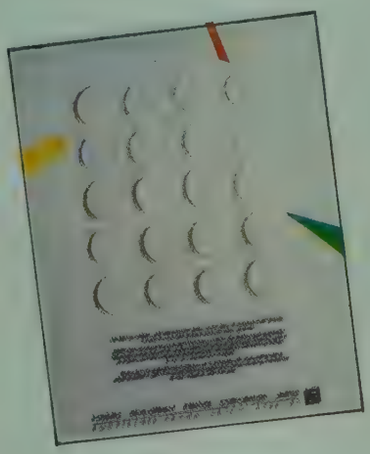
The KSBPL management can also do the polishing act as far as the financial pattern of funding its operations is concerned. Though there's no doubt that the company relies more on internal long-term funds and its interest burden — the interest coverage ratio is a low 6.28% (7.63%) — is comfortable, it would be better if it doesn't resort to the short-term fund route like it did last year. If it does so, it may well deliver a further blow to the company's profitability.

KSB PUMPS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	59.25	56.03
Gross profit	13.60	12.47
Profit after tax	7.13	6.36
Equity capital	8.70	8.70
Reserves	24.22	19.27
Gross profit margin (%)	22.95	22.25
Return on net worth (%)	21.66	22.74
Dividend (%)	25.00	20.00
Earning per share (Rs)	8.19	7.31
Book value per share (Rs)	37.83	32.14

Source: Annual reports



HDFC

HOUSING PROFITS

It is on a strong foundation. With more people beating a path to its doorstep for building a shelter for themselves, the Housing Development Finance Corp (HDFC) has notched up a spectacular performance in the year ended 31 March 1991.

All the important financial parameters registered good growth. (Margins, however, fell.) Gross turnover galloped ahead 36%, GP grew 27% and NP showed a 21% improvement. After considering the increase in the equity capital — a rights-cum-public issue to the tune of Rs 24.73 crore — the EPS is Rs 66.65 (Rs 123.63) and BVPS Rs 342.93 (Rs 425). With shareholders obtaining a higher dividend — Rs 22 (Rs 20) per share — the payout doubled to 33.01% (16.18%). The RONW, however, declined to 19.44% (29.09%). At the current price of Rs 420.00 (BSE: 22 July 1991), HDFC's P/E is 6.30.

Loan approvals and disbursements rose by 35% and 37% to Rs 813.78 crore (Rs 600 crore) and Rs 668.49 crore (Rs 485 crore) respectively. Cumulative loan approvals and disbursements up to 31 March 1991 were

HDFC		(Rs crore)
	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	263.41	194.35
Gross profit	43.32	34.24
Profit after tax	29.81	24.72
Equity capital	44.72	19.99
Reserves	108.64	64.98
Gross profit margin (%)	16.45	17.62
Return on net worth (%)	19.44	29.09
Dividend (%)	22.00	20.00
Earning per share (Rs)	66.65	123.63
Book value per share (Rs)	342.93	425.00
Source: Annual reports		

Rs 2,900 crore and Rs 2,200 crore respectively.

As regards resource mobilisation, besides the equity issue, HDFC mopped up Rs 76.64 crore from the domestic market through term loans and bonds. Then, HDFC received a $40 million loan syndicated by the International Finance Corp (IFC) with various foreign commercial banks. Another $60 million is due to be withdrawn.

While there is an ever-increasing need for housing finance, HDFC may have problems mopping up funds (through traditional sources) required for financing loan applications, thanks to the current finance squeeze. Besides, competition (from both private and government outfits), which has been on the rise, will mean a scramble for cash. To find a way out, the HDFC management has asked Infrastructure Leasing & Financial Services (IL&FS) to develop a long-term instrument for raising funds. IL&FS is to create and market the instrument.

VINDHYA TELELINKS

ON SHAKY GROUND

Vindhya Telelinks Ltd's (VTL's) link to profits seems to be getting shaky. The company's bottomline was bogged down in the year ended 31 March 1991, when compared with the year ended 31 March 1990, courtesy the disturbed domestic scenario.

Although gross turnover went up by 6.90%, profits at both levels took a beating — GP fell by 22.45%, while NP nosedived 64.68%. The EPS, perhaps, best demonstrates the profit decline — it plummeted to Rs 2.84 (Rs 8.03). There was only a minuscule upward movement in the BVPS to Rs 40.17 (Rs 39.37). The lower profitability drove a hole in the RONW — it fell to 4.40% (12.62%). Despite tattered profits, VTL maintained dividend at 24%. Payout, naturally, zoomed to 84.51% (29.89%). At the current market price of Rs 61.25 (BSE: 22 July 1991), VTL's P/E is 21.57.

Managing director R.G. Mundra has stated that the jelly-filled telephone cable industry had to put up with severe demand constraints which resulted in lower capacity utilisation. (However, the company has managed to push up its capacity utilisation to 57% — 53.30%.) He adds that the government has placed orders with all the cable producers at rates which prevailed two years before.

The company's profitability was further affected by an allround increase in costs. A major culprit was higher interest costs which burgeoned 131% to Rs 2.58 crore (Rs 1.12 crore). Consequently, the average price realisation per cable km (CKM) fell to Rs 726.35 (Rs 770.10).

Import-reliant. VTL is a net foreign exchange user to the tune of Rs 7.21 crore as the company depends heavily on imported spare parts and raw material (mainly polyethylene). Its reliance on foreign spare parts rose to 94% (85%) during the year, while it managed to cut imported raw material components to 31.30% (56.07%) of total consumption.

VTL's annual report has a qualification from the auditors. The company changed its method of charging depreciation, resulting in a lower (by Rs 1.94 crore) depreciation provision.

On the positive side, the company has succeeded in developing speciality telecommunication cables. VTL has also received an industrial licence for making coiled/straight cords in technical collaboration with Ericsson Cables of Sweden. Plans are on for producing cable-making machines at Rewa (Madhya Pradesh). VTL is approaching the Industrial Development Bank of India (IDBI) for credit in connection with the installation of a jelly-filling line and balancing equipment in order to streamline production.

To reduce its dependence on the cable industry (which is characterised by heavy dependence on government for orders), the company is planning to diversify in a big way into a host of areas — manufacturing various types of machinery, engineering consultancy, production and trading of paper, sponge and pig iron, and other ferrous substances. There is also a blueprint to move into fundamental research in agriculture, environment and electronics. Despite the diversity of the new ambitions, company officials are confident that they will gel with the existing lines.

Coming back to VTL's basic business — jelly-filled cables — there is no doubt that this area holds scope. The telecom network — particularly in the rural areas — has to be expanded to keep up with demand.

VINDHYA TELELINKS		(Rs crore)
	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross turnover	58.18	54.43
Gross profit	6.51	8.39
Profit after tax	1.11	3.13
Equity capital	3.90	3.90
Reserves	11.77	11.45
Gross profit margin (%)	11.18	15.41
Return on net worth (%)	4.40	12.62
Dividend (%)	24.00	24.00
Earning per share (Rs)	2.84	8.03
Book value per share (Rs)	40.17	39.37
Source: Annual reports		

With the government sending out feelers that it is not averse to foreign telecom technology, the huge networking plans may well get off paper and become a reality. So VTL may stand to benefit, at least marginally. In optic fibre cables — an arena the company wishes to enter but cannot thanks to restrictions — the government-run companies (some of them in the joint sector) still have a lot of clout.

However, overall, if it manages to implement and capitalise on its diversification plans quickly enough, it should face few problems.

□ G. Giridhar

RESULTS

ACC

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	1,176.03	990.98
Interest	34.98	48.24
Gross profit	181.72	66.84
Depreciation	40.14	40.16
Taxation	20.30	3.54
Net profit	121.28	23.14
EPS (Rs)	216.75	41.36
RONW (%)	50.86	15.93

ACC's gross margin has moved up 2.3 times. Net margin has more than quadrupled. Its EPS is Rs 216.75. At the current market price of Rs 2,730, the company's P/E is 12.60.

CADBURY INDIA

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	122.29	108.35
Other income	3.89	0.98
Interest	3.91	3.10
Gross profit	12.06	11.66
Depreciation	3.31	2.56
Taxation	3.40	3.80
Net profit	5.35	5.30
EPS (Rs)	6.37	6.31
RONW (%)		22.98

Cadbury's margins have dipped marginally. At the current market price of Rs 162.50 and on an EPS of Rs 6.37, the company's P/E is 25.51.

DCM TOYOTA

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	116.47	89.54
Other income	3.84	2.57
Interest	5.72	6.41
Gross profit	9.66	8.63
Depreciation	2.63	2.07
Taxation	—	—
Net profit	7.05	6.56
EPS (Rs)	4.70	4.37
RONW (%)		78.66

DCM Toyota's margins have slipped. The company's P/E is 7.23 at the current market price of Rs 34 and an EPS of Rs 4.70.

DR REDDY'S LABS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	52.93	26.06
Other income	0.66	0.23
Interest	3.42	2.37
Gross profit	4.24	1.69
Depreciation	1.31	0.97
Taxation	—	0.08
Net profit	2.93	0.64
EPS (Rs)	13.38	2.92
RONW (%)		13.87

Dr Reddy's Labs' net margin has doubled, while gross margin has recorded a good increase. At the current price of Rs 160 and on an EPS of Rs 13.38, the company's P/E is 11.96. Buy at declines.

FORBES FORBES CAMPBELL

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	36.59	33.52
Other income	11.21	11.16
Interest	3.47	3.49
Gross profit	3.33	3.34
Depreciation	1.78	1.81
Taxation	0.46	0.46
Net profit	1.09	1.07
EPS (Rs)	2.57	2.52
RONW (%)		4.11

Forbes Forbes Campbell's margins have dropped marginally. At the current price of Rs 112.50 and on an EPS of Rs 2.57, the company's P/E is 43.77.

GRAUER & WEIL

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	33.14	29.69
Interest	0.97	0.88
Gross profit	2.15	1.37
Depreciation	0.36	0.34
Taxation	0.31	0.17
Net profit	1.48	0.87
EPS (Rs)	19.47	22.90
RONW (%)		27.80

A good upward movement in both margins has been achieved by Grauer & Weil. On an expanded equity capital of Rs 0.76 crore, the company's EPS is Rs 19.47. This closely-held company's P/E is 9.5 at the current market price of Rs 185. Can be acquired at declines.

MAHINDRA & MAHINDRA

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	1,037.90	921.61
Interest	52.07	45.30
Gross profit	37.66	40.16
Depreciation	25.34	21.79
Taxation	—	2.39
Net profit	12.32	15.98
EPS (Rs)	6.40	8.30
RONW (%)		12.05

Mahindra & Mahindra's margins have declined. At the current market price of Rs 67.50 and on an EPS of Rs 6.40, the company's P/E is 10.55.

OTIS ELEVATOR

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	69.16	59.14
Interest	—	—
Gross profit	9.64	8.75
Depreciation	1.50	1.37
Taxation	3.80	3.35
Net profit	4.34	4.04
EPS (Rs)	8.08	7.52
RONW (%)		15.71

Otis' margins have declined. On an EPS of Rs 8.08 and at the current price of Rs 210, the P/E is 25.99.

PFIZER

(Rs crore)

	12 months ended 31 Mar 91	16 months ended 31 Mar 90
Sales & other income	121.22	126.98
Interest	2.75	2.33
Gross profit	8.10	8.97
Depreciation	1.69	2.07
Taxation	2.92	3.32
Net profit	3.49	3.58
EPS (Rs)	2.98	2.30*
RONW (%)		9.42*

While gross margin has dipped, net margin has improved marginally. At the current price of Rs 105 and on an EPS of Rs 2.98, Pfizer's P/E is 35.23.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 24 July 1991.*

GRASIM INDUSTRIES

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	1,323.39	1,077.91
Interest	76.74	56.14
Gross profit	183.54	128.33
Depreciation	41.79	35.09
Taxation	45.75	37.85
Net profit	96.00	55.39
EPS (Rs)	15.87	11.43
RONW (%)	21.16	18.06

Grasim's gross and net margins have registered good improvements. On an expanded equity capital of Rs 60.50 crore, the company's EPS is Rs 15.87. At the current price of Rs 258.75, the P/E is 16.30.

RANBAXY LABS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales	248.40	199.11
Other income	11.80	8.29
Interest	11.03	8.69
Gross profit	16.64	13.35
Depreciation	4.55	4.52
Taxation	0.60	0.74
Net profit	11.49	8.09
EPS (Rs)	12.70	8.94
RONW (%)		19.93

While Ranbaxy's gross margin has more or less been maintained, net margin has risen. The company's P/E is 19.69 on an EPS of Rs 12.70 and the current market price of Rs 250.

TN DADHA PHARMA

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales	32.05	28.62
Other income	0.39	0.50
Interest	1.98	1.53
Gross profit	(0.17)	1.03
Depreciation	0.60	0.55
Taxation	—	0.08
Net profit	(0.77)	0.40
EPS (Rs)	(4.67)	2.42
RONW (%)		1.24

TN Dadha's margins have turned negative. At the current price of Rs 31.25, and on a negative EPS of Rs 4.67, the company's P/E is a negative 6.69.

THOMAS COOK

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	10.17	8.82
Interest	—	—
Gross profit	3.66	3.07
Depreciation	0.24	0.19
Taxation	1.55	1.45
Net profit	1.87	1.43
EPS (Rs)	11.84	13.62
RONW (%)		24.40

Thomas Cook's margins have improved. On an increased equity capital of Rs 1.58 crore, the company's EPS is Rs 11.84. At the current price of Rs 230, the company's P/E is 19.43.

WARTSILA DIESEL

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales	51.75	7.94
Other income	0.02	0.13
Interest	1.86	0.30
Gross profit	4.56	1.14
Depreciation	1.24	0.93
Taxation	—	0.05
Net profit	3.32	0.16
EPS (Rs)	3.33	0.16
RONW (%)		1.59

While Wartsila Diesel's gross margin has dipped, net margin has appreciated remarkably. At the current price of Rs 129 and on an EPS of Rs 3.33, the company's P/E is 38.74.

BOEHRINGER MANNHEIM

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	46.19	35.83
Other income	2.20	1.03
Interest	2.35	1.86
Gross profit	1.02	1.70
Depreciation	0.49	0.27
Taxation	—	0.50
Net profit	0.53	0.93
EPS (Rs)	3.05	9.30
RONW (%)		10.44

Boehringer Mannheim has unveiled lower margins. On an increased equity capital of Rs 1.74 crore, the company's EPS is Rs 3.05. At the current price of Rs 122.50, the company's P/E is 40.16.

TATA UNISYS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	54.88	40.89
Interest	0.67	0.78
Gross profit	12.03	9.01
Depreciation	2.00	2.11
Taxation	3.28	1.75
Net profit	6.75	5.15
EPS (Rs)	15.41	11.76
RONW (%)		38.72

Tata Unisys' margins have dipped marginally. At the current price of Rs 300 and on an EPS of Rs 15.41, the company's P/E is 19.47.

AP PAPER

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	148.25	132.30
Other income	3.26	2.72
Interest	4.10	3.15
Gross profit	19.25	17.44
Depreciation	3.05	2.53
Taxation	4.82	1.69
Net profit	11.38	13.22
EPS (Rs)	202.13	234.81
RONW (%)		54.63

There is a fall in net margin, while gross margin has dropped marginally. AP Paper's EPS is Rs 202.13. At the current price of Rs 1,310, the company's P/E is 6.48.

CHEMINOR DRUGS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	34.99	27.65
Other income	1.16	0.24
Interest	1.92	1.15
Gross profit	4.27	3.40
Depreciation	0.55	0.49
Taxation	0.61	0.34
Net profit	3.12	2.57
EPS (Rs)	9.63	7.93
RONW (%)		36.30

Cheminor Drugs' P/E is 8.05 on the current price of Rs 77.50 and on an EPS of Rs 9.63. Margins, however, have dropped.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 24 July 1991.*

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Perhaps, you thought MRF was just tyres. There is indeed much more than a Zigma on the MRF horizon. Currently, we are in the process of accelerating our accent on diversification into various consumer and industrial products.

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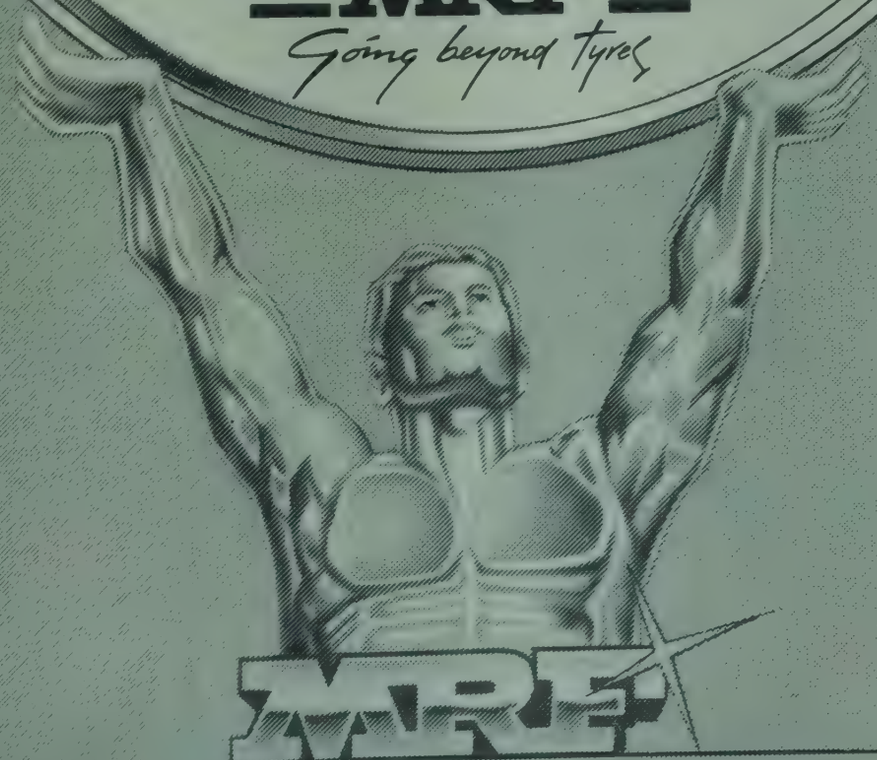
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The Director–Human Resources & Services
MRF LIMITED, Tarapore Towers, 826 Anna Salai, MADRAS - 600 002.

MRF
Going beyond tyres



Anugrah 672/91

HINDUSTAN ZINC LIMITED

(A Govt. of India Enterprise)

Requires — Executives

(1) CHIEF MANAGER (PERSONNEL)

(2) MANAGER (VIGILANCE)

(3) MEDICAL OFFICER/LADY MEDICAL OFFICER (Likely to be posted at Zawar Mines)

(4) MANAGEMENT TRAINEES MATERIALS/MARKETING (Reserved for SC/ST Candidates)

Hindustan Zinc Limited is a multi-unit organisation with a network of Mines and Smelters located in Rajasthan, Bihar, Orissa and Andhra Pradesh. It is a major producer of Zinc, Lead and Silver in the Country. Large scale expansion of the Company through setting up Integrated Mining and Smelting complexes in Rajasthan is nearing completion.

The pay scales, experience and preferable maximum age limit for the posts will be as under:

Sl. No.	Post & Scale of Pay	Required experience as executive	Age limit as on 31.7.91	Total emoluments Pay + DA on minimum of scale P.M.	Other Perks
1.	**Chief Manager (Pers)** (5600-175-7175)	14 Yrs.	45 Yrs	Rs.6116/-	Reimbursement of Rs.600/- PM towards local travelling expenses for Car, HRA, Free medical aid, leave encashment CPF, LTC, group insurance as per rules
2.	**Manager (Vigilance)** (3700-140-4400-150-5900)	8 Yrs.	35 Yrs.	Rs.4216/-	
3.	**Medical Officer/ Lady Medical Officer** (2500-120-4300)	2 Yrs.	30 Yrs.	Rs.3016/-	Reimbursement of Rs.225/- PM towards RLTE.Rs.475/- as NPA & other perks as above
4.	**Management Trainees (Materials/Marketing)**	As prescribed against the post.	33 Yrs. (including relaxation of 5 yrs.)	Stipend of Rs.3016/- PM during training.	—

Qualification & Experience

CHIEF MANAGER (PERSONNEL) : Applicant should possess a Post-Graduate degree in any subject or Degree in Engineering and in either case, should hold a Post-graduate degree/diploma or equivalent in Personnel Management/Social Work discipline from a recognised University/ Institution.

Experience : The Company is looking for a person with proven record of achievement in the field of Personnel Management and Industrial Relations. He should be capable of handling all aspects of Personnel Management including Man-power Planning, Recruitment, Human Resource Development, Disciplinary Procedures, Establishment Matters, Industrial Relations, Wage Negotiations and Liaison with State/Central Labour Authorities etc. and possessing familiarity with Labour laws. Court cases and Govt. directives pertaining to reservation of vacancies. The candidate should possess a minimum of experience as above out of which atleast 5 years should be in senior position in a Public Sector Company or an equivalent position in a reputed Private Sector Organisation

MANAGER (VIGILANCE) : Applicant should possess a degree in any subject. Degree in Law is desirable. They should possess experience as a gazetted officer or equivalent status (in vigilance work in a large industrial establishment or police force, or allied organisations like CBI. IB etc). Should be proficient in organising anti-corruption measures, collection of intelligence data, conducting investigations, presenting cases before enquiry tribunals etc.

Suitable level officers can also be considered on deputation terms.

MEDICAL OFFICER/LADY MEDICAL OFFICER : Applicant should hold MBBS degree with Post-graduate Degree/Diploma in Anaesthesia with atleast experience as above after completion of internship.

MANAGEMENT TRAINEE : (Reserved for SC/ST candidates).

MATERIALS : Degree in Engineering with experience in Materials Management.

OR

M.B.A. with specialisation in Materials Management from recognised Institution.

OR

At least second class Post-Graduate Degree/ Hons. Degree in Science/Arts/Commerce with additional qualification in Materials Management from recognised Institution.

MARKETING : Degree in Engineering with experience in Marketing Management.

OR

M.B.A. with specialisation in Marketing from recognised Institution.

OR

At least second class Post-Graduate Degree or Hons. Degree in Commerce/Arts/Science with additional qualification in Marketing from a recognised Institution.

Age limit is relaxable by 5 years for SC/ST candidates. Higher start can be considered in deserving cases for post at Sl.No. 1 to 3.

Those employed in Govt./Semi-Govt./Public Sector Organisation should apply through proper channel.

Applications should be sent in prescribed form which can be obtained from the **Manager (Personnel), Executive Cell, Corporate Personnel and Administration Division, Hindustan Zinc Limited, 6-New Fatehpura, Udaipur-313 001 (Rajasthan)** by sending self addressed stamped envelope of 23 x 10 cms size duly stamped Rs.2/-. Last date for receipt of completed applications form in this office alongwith a Crossed Indian Postal Order for Rs.8/- (SC/ST candidates exempted) drawn in favour of **Hindustan Zinc Limited, Udaipur** is **31st August, 1991.** Envelope should be superscribed with the name of the post applied for. Candidates called for interview shall be paid 1st class railway fare for Sl. No. 2 to 3 and for post at Sl.No. 1 Air/Train fare from their place of residence to the place of interview and back.

PR/C/19/91-92

GENERAL MANAGER (P&A)

L&T is a multi-dimensional engineering organisation with an annual turnover exceeding Rs 1400 Crores. It has a distinctive position in key industrial areas.

The Company for its Group X operations at Kansbahal near Rourkela and Calcutta requires:

PERSONNEL EXECUTIVES

Qualification : Post Graduate Degree/Diploma in Personnel Management & Industrial Relations (two years full time course) from a recognised University/ reputed Institution.

Experience : Minimum 5 years in Personnel, Industrial Relations and Administration functions of a reputed concern. Incumbent should have sound knowledge of Labour Laws and all facets of Personnel Administration/HRD functions.

Job also involves liaising with Government authorities and various statutory bodies.

Age : Below 30 years.

Emoluments : The posts carry attractive salary and benefits commensurate with qualification and experience. Benefits include Provident Fund, Gratuity, Bonus, Leave Travel Assistance, Medical, Subsidised Housing at Kansbahal and House Rent Allowance at Calcutta.

Apply within 15 days stating the age, details of qualification, experience, salary drawn and expected, quoting Ref. No. KBL/41 ON APPLICATION AND ENVELOPE, with a passport size photograph addressed to the Manager—Personnel & Industrial Relations

LARSEN & TOUBRO LIMITED
Kansbahal Works
P.O. Kansbahal 770 034, Dist. Sundargarh, Orissa

इंडियन एयरलाइन्स
Indian Airlines

REQUIRES FLIGHT SIMULATOR MAINTENANCE ENGINEERS

Indian Airlines invites applications from Indian Nationals for the post of Flight Simulator Maintenance Engineer in the scale of pay of Rs. 2285–3395 (total emoluments Rs. 4950/- p.m. approx.) for the following existing vacancies and to form panel:–

No. of Vacancies: Total-6

SC-1 ST-1 GEN-4

Upper age limit:
30 years as on 01.07.91 (relaxable by 5 years for SC/ST candidates)

Job Requirements : To carry out maintenance of flight simulators and associated computers and peripherals and to attend other associated functions like spare parts provisioning, planning etc.

Qualifications and Experience :

(a) Degree in Electronics/Computer Engineering or its equivalent with a minimum of 60% marks and two years' experience in the field of job requirements.

(b) Experience may be relaxed by one year in case of candidates having Master's Degree in Computer Science in addition to above or Master's Degree in Electronics/Computer Engineering.

General

1. The posts carry benefits of Contributory Provident Fund/Gratuity, liberal medical facilities and free/concessional air passages.
2. Candidates may give their preference for Centre for interview which may be conducted at Delhi, Bombay, Calcutta, Madras and Hyderabad.
3. Candidates will be entitled to second class return rail fare at the time of interview only.
4. In case of SC/ST, percentage of marks is relaxable at the discretion of Management in case sufficient applications are not received.
5. Candidates serving in Government/Semi-Government/Public Sector Undertakings must apply through proper channel.
6. Selected candidates may be posted at any station on Indian Airlines network.

Applicants meeting the above requirements may send typed and duly signed applications giving full particulars i.e. full name, father's name, address, date of birth, qualifications with percentage of marks (beginning with Matric/Higher Secondary), whether SC/ST, details of experience etc. addressed to Director of Personnel, Indian Airlines Hqrs., Airlines House, 113 Gurudwara Rakabganj Road, New Delhi-110 001, along with two passport size photographs and crossed Indian Postal Order for Rs. 100/- (no Postal Order is required in case of SC/ST candidates) payable to Indian Airlines, so as to reach him by 13.9.91.

Incomplete applications will be rejected.

Canvassing in any form will disqualify the candidate.

STEEL AUTHORITY OF INDIA LIMITED

(A Government of India Enterprise)

BOKARO STEEL PLANT

BOKARO STEEL CITY-827 001 BIHAR

Advertisement No : 238

'Bokaro Steel Plant' needs Top Notch Medical Professionals (Specialists) to man its prestigious 700 Bed Hospital having 'State-of-the-Art' equipment and shortly adding Radiotherapy and CT Scan facilities. The Hospital is recognised by the Indian Medical Council for Imparting Training to Interns and House Officers and by National Board of Examination for Diplomate NB. It also has a Nursing School recognised by the Indian Nursing Council. The Company has an annual budget of Rs. 14 Crores for Medical Services.

With 48,000 employees and a Township of 3,50,000 Citizens, Bokaro offers good quality of social life and amenities. Top class educational facility up to + 2 level is available apart from Colleges for higher education.

Vacancies exist in the field of **Medicine, Cardiology, Neurology, Nephrology, Gastroenterology, Neuro-surgery, Orthopaedic, Opthalmology, Anaesthesia, Histopathology,Dermatology, Radiotherapy, Radiology, Dental, etc. in various positions as Sr. Specialist/Specialist-incharge/Sr. Specialist-incharge/Dy. Director (Medical Services). Candidates with MD/MS/ MDS and Super Specialisation (DM/M. Ch.)** would be considered. **Candidates with MHA will be considered for senior position in Hospital Administration.**

Our salary structure with Industrial DA pattern is one of the best in the Public Sector with liberal perks available. Total compensation would compare favourably with those available in prestigious Medical Institutions. **For the right candidate, emoluments would not be a limiting factor within the salary structure given below :**

Level	Scale of Pay	Experience (in large Hospital of repute)	Upper Age limit
Sr. Specialist	Rs. 3700-5900/- (ME3)	3 years post PG	40 years
Specialist I/C	Rs. 4600-6790/- (ME4)	6 years post PG	40 years
Sr. Specialist I/C	Rs. 5600-7175/- (ME5)	10-12 years post PG	45 years
Dy. Director (Med.)	Rs. 6250-7475/- (ME6)	18-20 years post PG	45 years

Experience may be relaxed in exceptionally meritorious cases.

Non-practicing pay varies from 850/- to Rs. 1000/- per month, Car Allowance Rs. 800/- per month, Housing at Nominal Rent, LTC, LLTC, CPF, Gratuity, Production Incentive and other allowances are available.

MD/MS in Medicine/Paediatric/Anaesthesia/Radio-therapy with **1 year Post-PG** experience could be considered for **Sr. Medical Officers in the scale of Rs. 3100-5150/- (ME2).**

Reservation for SC/ST candidates would be made as per Government Norms. Actual 2nd Class AC/Ist Class Railway fare would be reimbursed for appearing for interview.

Typewritten applications in the proforma given below accompanied with two recent passport size photographs and Crossed Indian Postal Order of Rs. 16/- for general candidates (no fee is chargeable for SC/ST candidates) drawn in favour of Bokaro Steel Plant, Bokaro Steel City should reach **Manager (Personnel-Recruitment), Bokaro Steel Plant, Bokaro Steel City - 827 001, (Bihar)** mentioning the post applied for, along with discipline, on the envelope within **25 days from the date of Advertisement.** Candidates should also indicate giving details if they have appeared for interview earlier. Only shortlisted candidates out of those fulfilling requirements shall be called for interview.

Proforma : (1) Name of the post applied for & Advt. No. (2) Name of the applicant (in block letters) (3) Date of Birth (4) Address (a) Permanent (b) Present (5) Qualification with details of Examination Passed, date & year of passing and class obtained (6) Percentage of marks in all subjects in respective courses (7) No. of failures, if any, subjectwise (8) Details of experience (Name of the employer) and nature of work done (9) Name and address of the present employer, if any (10) Present pay and grade, if in service. Expected salary (11) Details of Postal Order (12) Whether the applicant belongs to SC/ST community (in case the answer is 'yes', Caste/Tribe should be written clearly and attested copies of certificates issued by Competent Authority should be attached.

Candidates employed in Government/Semi Government/Public Sector Undertaking/any Steel Plant in India should apply through proper channel or submit no objection certificate at the time of interview.

Registered Office : Ispat Bhavan, Lodi Road, New Delhi - 110 003

Steelmakers to the Nation

TATA STEEL

REQUIRES

SENIOR PROFESSIONALS

for its Automation Division, Jamshedpur

Tata Steel is fully committed to be at the cutting edge of technology to meet the challenges of the 21st century. To fulfil its business needs, the automation plans include PLCs and Process Control for the individual equipment at the lowest level, supervisory systems for the entire plant at the next level, finally integrating into an MIS on the latest IBM 9000/320 mainframe computer in a networked environment.

To successfully formulate and implement the automation plan, Tata Steel is looking for Senior Level Professionals for its Automation Division.

Employment Notification No. 325/91

Administrator (Projects)

Experience: The candidate must presently be in a senior position having 10-15 years of experience in planning and executing large real-time on-line computer based information & process control application projects in an integrated process industry. The incumbent should be fully conversant with the latest management techniques and should have used them in managing large projects. Experience in data communication is highly desirable.

Responsibility: The incumbent shall be responsible for identifying the needs for automation in appropriate areas, conceptualisation, planning and formulation of schemes, and techno-commercial evaluation of proposals and projects. He should be able to guide/undertake developmental activities of the various automation projects, both in business and process areas. He shall be required to lead several teams of highly skilled and motivated Automation Technologists and liaise with senior line managers to ensure timely completion of projects.

Employment Notification No. 326/91

Administrator (Expert Groups)

Experience: The candidate must presently be a senior industry expert having 10-15 years of experience in one or more of the following expertise areas:

Process Control/Instrumentation, Power Electronics & Drives, Communications & Networking, Process Modelling & Simulations, Control Engineering, CAD/CAM/CAE, Robotics, Data Bases, Systems Engineering, etc.

Responsibility: The successful incumbent will be required to guide and manage several expert groups, consisting of highly skilled and motivated professionals in various areas as mentioned above. He will be responsible for building up the expertise in each of the areas, coordinate the activities of these groups and provide necessary assistance to the Business and Process Automation project teams. He will also be required to plan and guide the R&D activities in these expertise areas.

General

Qualifications: The candidate should be an engineering graduate in any discipline. A Degree/Diploma in Business Management is desirable.

Age: Below 40 years (relaxable, depending on qualifications and experience).

Remuneration: The above posts carry attractive salary and perks comparable with similar positions in other organisations. Additional benefits of contributory provident fund, gratuity, superannuation fund, leave, leave travel concession, conveyance allowance, free medical aid for self and family, unfurnished accommodation, etc., as per Company rules will also be provided.

How to apply: Application on plain paper mentioning Employment Notification No., post applied for, name, father's name, date of birth, present and permanent addresses, qualifications and experience, name of the present employer, present basic salary and details of other emoluments drawn, two recent passport-size photographs (in case the applicant uses spectacles, the power of lenses should be mentioned) along with copies of certificates and testimonials should reach the **Assistant Director of Personnel (Employment), Employment Bureau, The Tata Iron and Steel Company Limited, Jamshedpur 831 001,** within 15 days.

Note

i) All applications will be treated in strict confidence.

ii) Applicants working in sister concerns (Tata Group of Companies) should apply through the proper channel.

iii) In the event of receipt of a large number of applications, applicants would be short-listed and then called for interview.

iv) Candidates called for interview will be paid first class train fare to and fro by the shortest route.

v) Canvassing will disqualify the applicant.

047

Do you have what it takes to handle software megaprojects?

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PROJECT MANAGERS

Presently, the large and varied projects on hand have opened up opportunities for professionals to lead a multi-disciplinary team.

The projects include:

- Expert Systems/Artificial Intelligence, Compilers
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- Computer-Aided Engineering
- CAD/CAM
- Office Automation
- Banking and Financial Systems
- Manufacturing Applications
- Software Engineering Tools

If you have a degree in Engineering/ Management/Chartered Accountancy and a minimum of 5 years' experience in the analysis/design of systems and in managing a team of professionals for executing large projects in any of the above areas, you could be the professional we are looking for.

Openings exist for handling a team of 5-50 professionals working on projects involving Workstations, Mainframes and various Networks at TCS locations all over India. Especially at Madras, for IBM 3090 projects.

Interested in a challenging environment, with the opportunity of managing projects anywhere in India or abroad? Send your resumé within 10 days, quoting reference number "PM-91" on the application and envelope to:

Resident Manager
Tata Consultancy Services
Nicco House, 2nd Floor
2, Hare Street
Calcutta 700 001

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Career Opportunities in Accounts/Audit/Finance

Larsen & Toubro Limited is one of India's leading industrial organisations, with turnover exceeding Rs.1400 crores. We are looking for dynamic accounting professionals, who will grow with the Company and assume leadership positions in the accounting function. The opportunities include working in a professional environment, gaining exposure to computerised accounting system and experience in every aspect of the accounting function through a process of job rotation at Bombay and other locations.

We need :

- **Fresh Chartered Accountants (1991 batch) :** candidates should have passed CA in the first attempt.
- **Experienced CAs :** candidates with 2–3 years experience, with a good academic record may also apply.

Age : below 28 years.

Emoluments : an attractive remuneration package commensurate with experience.

Apply within 10 days, stating age, details of qualifications, quoting Ref. No. CPD/269 ON APPLICATION AND ENVELOPE. to Dy. General Manager (Personnel), Central Personnel Department :

LARSEN & TOUBRO LIMITED
Powai Works, Post Box 8901, Bombay 400 072

L&T/ADV Dept

THE SEARCH IS ON . . .

Director



The IIHMR is a poineering Institute dedicated to Research, Education, Training and Consultancy in the management of Health & Population Services. Located at Jaipur, the institute is primarily funded by TCI, Bhoruka Group and its associates.

Our growing faculty & research staff of about 70 (about half of them being professionals) are young, competent and forward looking; we have full support of the State and Central Governments; have collaboration with bilateral and international agencies; and have been working on projects funded by the State and Central Governments, national agencies like ICMR and international agencies like WHO, UNFPA, UNICEF, ESCAP, NORAD, USAID, FORD FOUNDATION.

Our Director, Dr. Rameshwar Sharma has recently been appointed Vice Chancellor of Rajasthan University. Hence, we have embarked upon a **search to look for a new Director** who can keep up the momentum of the present academic work, provide direction to future activities and bring about new developments at the Institute.

The remuneration and other facilities will be among the best offered in India.

The work of the Search Committees will be facilitated if suggestions of names of suitable persons from within India and Non Resident Indians, alongwith their main strengths and resume (if available) are sent to the following address preferably by 16th August 1991.

The Secretary,
INDIAN INSTITUTE OF HEALTH MANAGEMENT RESEARCH,
1, Prabhu Dayal Marg, Sanganer Airport, Jaipur-302 011, INDIA.
Tel : 550700, 550065, Gram : Healthinst, Telex : 0365-2655 IHMR IN, Fax : 91-141-550119.

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HERDILLIA CHEMICALS LIMITED

Herdillia is a leading producer of petrochemicals with international links and turnover of over 120 crores. In two decades of progress, through sustained R&D, modernisation and quality management, it has won several National and Asian Awards in recognition of development of indigenous technical know-how, business practices and safety. In a recent phase of evolution, it has embarked on diversification of its business activities into the area of Speciality Chemicals, some of which are being manufactured for the first time in India.

Herdillia requires a:

TECHNICAL SERVICES MANAGER

Excellent Remuneration
+ Car + Housing

THE JOB: Involves leading a team of experienced managers responsible for Process Engineering including trouble shooting, expansion of existing plants, absorption of foreign technology, commercialisation of processes developed through in-house R&D, Energy Conservation, Environment and Pollution Control and Quality Assurance. The position reports to the Head of the Factory.

The Company offers excellent growth opportunities for the right person.

THE INCUMBENT: A first class Chemical Engineering graduate from a reputed Institute preferably with a post graduate qualification in Business Management. Must be a dynamic, result oriented manager with a proven track record, both in technical and people management skills.

EXPERIENCE: Around fifteen years in Petrochemical/Petroleum industry out of which at least five years must have been in independent charge of Process Engineering Cell/Department in an organisation of repute. Exposure to production will be an added advantage.

AGE: Around 38 years

Please apply within 15 days giving details of age, qualification, experience, salary drawn and salary expected superscribing the envelope with the post applied for to:

General Manager – Personnel
Herdillia Chemicals Limited
Post Bag No. 5505
Dadar, Bombay 400 014
Maharashtra

SIEL

SHRIRAM INDUSTRIAL ENTERPRISES LIMITED

SIEL, is one of the four companies that emerged from the division of DCM Ltd. Thus it is a 100 year **OLD, NEW** Company, presently turning over Rs. 400 crores.

SIEL's business line are :

- FOODS: Hydrogenated Vegetable Oils (Rath & Panghat), Refined Oils (Ruby), Sugar (Mawana)
- CHEMICALS: Chlor-Caustic Products
- INTERNATIONAL BUSINESS: Exports of group & non-group products; trading in and from U.K., Middle East, Africa & Far East
- ENGINEERING: High technology cemented carbide tips & tool products for the engineering & mining industries
- PROJECT ENGINEERING: Project & engineering consultancy services (turnkey & consultancy basis) on a world wide scale

The companies directly associated with SIEL are :

Shriram Refrigeration Industries Ltd., which turns over Rs. 50 crores and is a manufacturer of hermetically sealed compressors for airconditioners and refrigerators in technical collaboration with world famous TECUMSEH PRODUCTS CO. of USA, USHA Airconditioners and Water Coolers.

Shriram Honda Power Equipment Ltd., turning over Rs. 35 crores, is a technological and financial collaboration with HONDA MOTOR COMPANY of Japan and manufactures portable generator sets, general purpose engines and water pumps to Honda's quality standards.

Expansion plans are already being processed for entry into export oriented units, financial services, paper, sugar business management, different ranges of compressors, generators etc.

We are undergoing a programme to convert the group towards Total Quality Management (TQM) approaches.

We are also endeavouring to be a GREEN group of companies.

MARKETING PROFESSIONALS

PROFILE: We are not going to constrain you by specifying slots or designations. We are on the lookout for Marketing & Sales professionals with more than 5 years of hardcore sales and consumer/ industrial marketing experience which should include conceptualisation and implementation of marketing strategy, control of sales and distribution in a highly competitive environment, brand management, product positioning and new product launch.

Essential qualification will be an MBA from a reputed institute. The candidate should ideally be in the **age range of 27 to 35 years.**

Independent responsibility will be given for development of overall marketing objectives in the specific company/unit in which you are placed. The job also includes the establishment and consolidation of a distribution network and developing competitive pricing structure alongwith promotion plans.

Amongst those who will come as functional heads, the **responsibilities will also include development and achievement of business objectives in line with corporate philosophy.**

REMUNERATION: Whichever slot you fit in remuneration will match the best the industry can offer. In addition, attractive benefits will accrue.

CAREER GROWTH: The growth prospects are excellent and after having proven themselves in a particular product, the candidate can look forward to a string of challenging assignments, which will ensure their self-growth and development.

Please send in your detailed curriculum vitae superscribing the envelope "Marketing Professionals" within 10 days to:

GENERAL MANAGER – PERSONNEL

SHRIRAM INDUSTRIAL ENTERPRISES LIMITED
4th FLOOR, KANCHENJUNGA, 18, BARAKHAMBA ROAD, NEW DELHI 110 001.

In case you have any queries, please feel free to contact our Personnel Department at 3310171

Analytic

A well-established, fast-growing, multi-unit South-India-based Industrial Group having manufacturing interests (as well as upcoming projects) in engineering, electronics, processed foods, exports and other fields, has retained our services for selection of dynamic & result-oriented professionals for their Group Companies in **Madras** and **Bangalore**.

VICE PRESIDENT - HRD

The incumbent will assume overall responsibility for all aspects of human resource management including manpower planning, selection & recruitment, training, performance appraisal, organisational development (OD), personnel management, negotiation with unions for establishing sound industrial relations climate, conducive to high productivity and quality of output, He should have post-graduate qualification in business management/ personnel management and around 15/20 years relevant experience, out of which, atleast 5 years should be at a senior level with a proven track record of evolving and implementing innovative human resource management systems in a reputed organisation. Age : around 45.

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The incumbent will assume overall responsibility for planning and implementing sales & marketing strategy in order to achieve higher market share in a competitive & expanding market. He should be a high-calibre, innovative, hard task-master, having around 15 years relevant experience with proven track record, out of which, around 5 years should be at a senior level in sales & marketing in a reputed company. Exposure to dealer-network & direct-selling to industries/institutions & Government will be a distinct advantage. Age : around 40.

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J.N. Amrolia has been elected president of the Indian Society for Training & Development (ISTD).



K. S. Gergan has been promoted as director, watches, of HMT.



C. D. Sipahimalani has taken over as director of Cyanamid India.



Gurcharan Das has been elected vice-president, Far East, and an officer of Procter & Gamble Co of the US.



R.C. Malhan has taken over as director (finance) of Bharat Heavy Electricals Ltd (Bhel).



Jay Varadaraj has been elected vice-chairman of the Tamil Nadu committee of the Confederation of Engineering Industry (southern region).



N.Venkataramani has been elected chairman of the Madras Chamber of Commerce & Industry.



M. Sivaram has been elected president of the South Indian Sugar Mills Association (Sisma).



N.C. Mehta has been elected president of the Kalyan Ambernath Manufacturers' Association (Kama).



Subrata Ray has joined Bhilai Steel Plant as managing director.

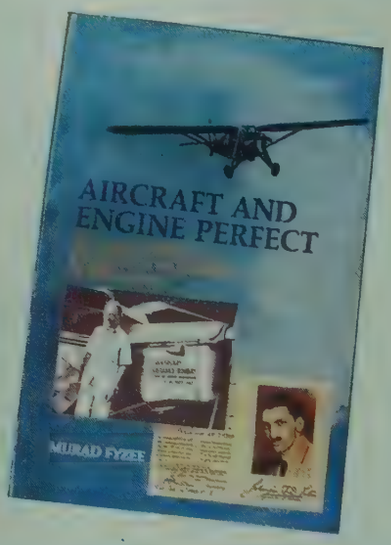


P.N. Rattan has been appointed managing director of AllBank Finance.



Ashok Sinha has taken over as general manager (finance) of Bharat Petroleum Corp.

PORTRAIT OF A PIONEER



(Tata McGraw-Hill Publishing Co, New Delhi; 1991; pp 176; price not stated.)

As one who has worked with JRD for 52 years, and as a flying enthusiast, I am truly delighted to commend this immensely readable book. Murad Fyzee has very successfully removed all the dryness inherent in a documentary and created an absorbing story which weaves JRD's role as a pioneering aviator into the history of how India's skies were opened up.

The two, of course, are inalienably interlinked. As holder of Indian pilot's licence no 1 dated 10 February 1929, JRD is legitimately a pioneer. His other firsts, well known, include piloting India's first airmail service from Karachi to Bombay in 1932, and creating India's first airline (Tata Airlines) which blossomed into Air India International in the fullness of time. In fact, 1932 is officially acknowledged as the year in which civil aviation started in India — in itself a tribute to JRD.

With a fine eye for detail, Fyzee records very faithfully and accurately the remarkable saga of those early decades. In those days, planes had no radio nor any navigational or landing aids. It took courage to be an aviator; besides, one had to have the knack of inspiring others to strive for the impossible. Happily, JRD possessed both.

In anecdotal style, Fyzee describes how once the "boss of India's first and only airline and a burgeoning captain of industry" spent a night in the open under the wing of his little Fox Moth at Bellary in 1933; how for reasons "which to this day he has not been able to explain" JRD landed at Naples instead of Rome during his solo India-England flight in 1930, losing a precious day; how he personally flew mail to Hyderabad, Indore, Madras and other destinations throughout the thirties.

The three vignettes extracted from the book and carried alongside describe some of the hazards and travails which a pioneering aviator like JRD faced, and how his career has culminated.

In sum, Fyzee's chronicle has a simple merit: it tells a story which ought to inspire future generations.

□ Russi Mody

Mody is the chairman of Tata Steel.

VIGNETTES

"In those early days you really did have to fly, as the expression goes, by the seat of your pants, with a great deal of judgement, feel and instinct. Those early small planes, like the Moth, only had a compass, an altimeter, an engine RPM and speedometer and airspeed indicator. That was all. There were no refinements such as a radio or brakes. When landing on sea beaches you had to taxi to where the sand was hard. You could see it, and of course feel it as you made your run. The same applied to grass or bare fields. The soft sand or ground would hold you back until you were able to get airborne. Then there were no problems."

"They worked out the scheme. They first showed it to John Peterson, JRD's mentor, who approved. Then to Sir Dorab Tata, who was then chairman of Tata Sons Ltd, who pleasantly surprised them by also approving. The finances involved were relatively small in those days, so this aspect did not present any particular problem. But then, most important of all, the government of India had to be tackled. They did not ask for much. Only a guarantee from the government for a year, for the sum of Rs 1 lakh. But the government of India was not convinced.

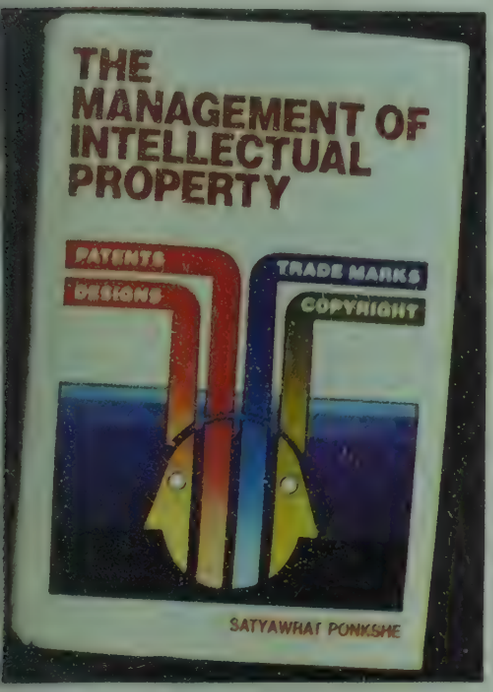
So JRD and Nevill Vintcent prepared a second scheme. This time they asked for a guarantee of only Rs 50,000 for the first year and Rs 25,000 for the second. After that no guarantee at all. But the government was still adamant. So they tried again a third time, but changed their tactics completely. They offered to donate an air service to the government of India. And whereupon this was graciously accepted and Tata Airlines was born!"

"In 1936 Tata Airlines spread their wings for the first time overseas to Colombo, in the then paradisiacal island of Ceylon. Nevill Vintcent inaugurated the service in a Miles Merlin and had as his first passenger Sir Gurunath Bewoor, ICS, who was then director-general of Posts & Telegraphs in the government of India. Many years later Sir Gurunath was to be appointed as managing director in charge of both Air India and Air India International.

Throughout 1937, JRD was to make many flights in the WACO (which perhaps, prophetically, had the registration markings — A-11) to Calcutta, Jamshedpur, Jodhpur and to a new destination, Mithapur, also in Kathiwar, where Tatas had started their chemicals plant at nearby Okha, to manufacture soda ash and related chemicals. JRD's Log Book is full of the initials of the many passengers he took. (There wasn't sufficient space in the Remarks column of his Log Book to write the full names.)

In addition to Tata company colleagues and often their wives, were the initials of numerous friends. Prince Aly Khan's name on a flight to Poona and back, however, had the distinction of being written in full!"

MAKING A MARK



(Bhate & Ponkshe, Pune; 1991; pp 316; Rs 175 — Exclusive distributors: UBS Publishers' Distributors.)

Many of us are not fully aware of intellectual property. It is completely different from movable or immovable property. Intellectual property results from the application of human intellect. It is usually divided into two branches:

- Patents, designs and trademarks which are also termed as industrial property, and
- Copyright.

Protection of intellectual property becomes necessary so as to avoid exploitation of the fruits of labour of one person by another. In India, quite a few laws have been enacted for this purpose, namely the Patents Act, 1970, Designs Act, 1911, Trade and Merchandising Marks Act, 1958 and Copyrights Act, 1957.

First, let's quickly recap what a patent is all about. A patent is a grant made by a government to an investor assuring him the sole right to make use of and sell his invention for a certain period of time. All inventions are not patentable. The essential feature for registration of the patent is the novelty of the invention. Neither are mere ideas patentable. As regards the same invention, patent will be granted to the inventor who applies first.

The author of this book, Satyawrat Ponkshe, has dealt with a complex subject in a simple and clear manner. He has rightly emphasised that the task of drafting patent specifications should be left to the experts because if the specifications are incomplete, the application is liable to be rejected. The time limits prescribed by the authorities should be strictly followed. The author has also given a timeframe and action chart.

In India, the life of a patent is less than what is generally prescribed in other countries. The legal remedies available for infringement are injunction and, at the option of the party, either damages or account of profits. One of the important features of the book is that it deals with the question of India joining the Paris Convention, an issue which has generated a lot of controversy in the country. Ponkshe has drawn up a comparative chart of the provisions of the Indian Patents Act and the Paris Convention.

Trademarks are a topic on which volumes can be written and there are hundreds of cases on the subject. The trademark law grants the manufacturer or the trader the exclusive right to the use of a mark to identify his goods and thus distinguish them from other goods. The function of a trademark is to offer an indication to the purchaser of the quality and source of manufacture of the goods. While dealing with the subject, the author, even without getting into the legal intricacies, has sought to explain the law by giving examples of various well-known products. Trademark is a very valuable intellectual property and to establish the brands, the manufacturer may well spend millions of rupees.

It is interesting to note that the value of the intellectual property — patents, designs, trademarks and copyrights — is not generally reflected in the owner's balance-sheet. Registration of a trademark enables the owner to take infringement action against anybody using the same. Even when a mark is not registered, the owner of the mark can take action against the infringer. There are plenty of instances of unscrupulous persons trying to manufacture spurious and sub-standard products, using well-known brandnames. Both civil and criminal remedies are available in the case of infringement. Action will lie so long as the infringing mark is deceptively similar to the infringed mark. The author has dealt with the subject thoroughly, clearly indicating the characteristics and registrability of trademarks.

The value of the book could have been enhanced if the author had dealt with foreign trademarks, use of two marks together (one being foreign), popularly known as double-barrel marks and the provisions of Fera (Foreign Exchange Regulation Act) in relation to such marks. It is desirable that before spending money on promotion of a mark, a preliminary search, though not compulsory, be made in the office of the Registrar of Trademarks. It is interesting to note that some trademarks are popularly known as housemarks, that is, a mark used by a business house, for instance ICI. The trademark law makes no distinction between a trademark and a housemark and both are on an equal footing so long as the housemark is also used on or in relation to the goods.

Finally, Ponkshe has dealt with the complicated subject of copyrights in an admirable and systematic manner. The scope of Copyright Law extends to literary, dramatic or musical works, artistic works, cinematography and records. Besides, new subjects like computers, software, etc also come within the purview of the Copyright Act. The primary function of copyright law is to protect from annexation by other people fruits of a person's work, labour and skills. Importantly, it is the work that is protected and not the idea. The term of a copyright is generally the lifetime of the author and 50 years following the year in which the author dies. In the case of infringement of a copyright, the owner is entitled to civil remedies while the person infringing the copyright is also criminally liable.

The chief merit of this book is that all aspects of intellectual property are dealt with in a lucid manner. The division of the book into four parts dealing separately with patents, designs, trademarks and copyrights is appropriate. In all cases, the procedure for applying to the statutory authorities and the steps to be taken have been clearly indicated. As such the book has practical value as well as the value of being a stimulant.

□ K.V. Shanbhogue

Shanbhogue is vice-president, corporate and legal, Bata India and an authority on company law.

CREAMING THE MARKET?

Aditya Birla's Grasim Industries, which will shortly be amending its memorandum of



BIRLA: *New avenues*

association to allow it to enter diverse areas such as personal care and healthcare products, cosmetics, synthetic detergents, fertilisers, pesticides and a range of chemicals and petroproducts, has already started on the job of surveying consumer markets.

The grapevine has it that the company will soon be taking the plunge into men's toiletries, toothpaste and baby products in a big way. The market research people have already fanned out for door-to-door surveys to identify vacant niches.

According to current plans, the Grasim entry will be in upmarket segments. And, no, the Nawab of Pataudi (a familiar figure in Grasim suiting ads) will not be helping hawk the cold creams and toothpastes.

FROM LIQUOR TO DRUGS

Liquor barons, the Khodays, are testing the waters in the pharmaceuticals arena. No, they are not starting a new venture but have acquired a 45% stake in an existing small-sector unit with excellent facilities — Smak Pharmaceuticals.

Smak has so far failed to take off because of working capital and other problems. It was set up in 1989 by technocrat-entrepreneur B.N. Nanjundaiah to make analgesics, anti-diarrhoeals, cough syrups and expectorants in partnership with a construction contractor C.B. Patel, and with massive term loans from the Karnataka State Finance Corp. Some Rs 1.5 crore was sunk into the venture.

But Nanjundaiah's relations with Patel soured and the latter finally sold out his 40% stake to the Khodays, who have since bought over the interests of other small stakeholders. Nanjundaiah holds 55% of the equity right now and continues to manage the company.

The Khodays' investment so far is reckoned at Rs 20 lakh, and they are inclined to pump in more. Considering Smak's sophisticated plant and machinery, the Khodays have got a good bargain. And unlike Nanjundaiah, they are not short of money.

CHANGE OF HEART

Russi Mody has been airdashing in and out of both Patna and Bhubaneswar with unusual frequency in the past few weeks. Speculation is rife that rapprochements with both Lalloo Prasad Yadav and Biju Patnaik are in the offing — and at their initiative rather than Mody's.

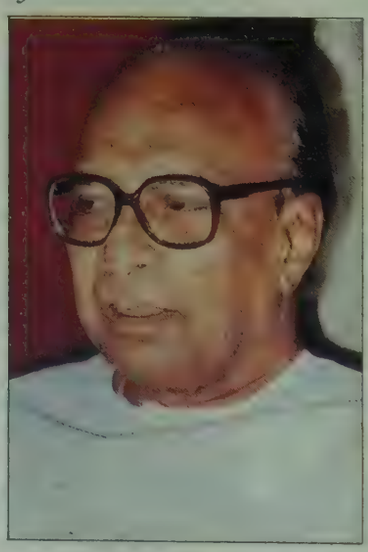
Take Lalloo Yadav. The same man, who uncivilly walked past Mody without looking at him after disembarking at the Jamshedpur airstrip for the first time after becoming chief minister, now calls him up for cordial telephonic tete-a-tetes. For Yadav, presumably, the political writing on the wall is clear: Patna cannot survive without support from Jamshedpur.

South of Jamshedpur, it's basically the same story. Last year, Orissa's ageing supremo Biju Patnaik gave a fuming Mody the cold shoulder by nixing an aquafarming project and stymieing an Ipitata restructuring proposal. Now, with the Jindals having backed out of the Daitari project, Patnaik knows that only Tata Steel can see this project through.

Mody has quietly nipped in and out of the Orissa capital in his private plane on at least two weekends in July — and he certainly wouldn't be wasting his time. Indeed he hasn't: last fortnight, Mody scored a neat coup by signing a memorandum of understanding with the Orissa government for the takeover of OMC Alloy, an ailing state-owned charge chrome unit, subject to ratification by the Tata Steel board at its 13 August meeting.

YADAV (L) & PATNAIK: *Wooing Mody?*





IN ONE'S OWN INTEREST

Indian commercial bankers are a worried lot these days. Among other things, they are protesting about the fact that they have inevitably ended up at the receiving end of the current funds crunch. They have decided to take their case to the Reserve Bank of India. Do they protest too much?

No, insists a top banking source. The ire of this disgruntled tribe is directed against the financial institutions (FIs). Commercial banks have been forced to lend funds to the FIs through subscriptions to debt issues at an absurdly low interest rate of 11.5%. This same money is then being lent out to commercial enterprises at handsome rates by the FIs.

But there is more to the story. As banks continue to be strapped for cash, fortnightly cash reserve ratio (CRR) defaults and near-default cases have been on the rise. Over the past few months it is the FIs — Industrial Development Bank of India (IDBI), Unit Trust of India (UTI), and the like — who have stepped in to help. And earned a cool 30%-70% (depending on conditions in the money market) in the bargain. No prizes for guessing who the loser is.



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Shashi (L) and Ravi Ruia



- TVSE MAKES A SPLASH
- INTERVIEW: HARISH MEHTA

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BusinessWorld

the magazine for indian business

VOLUME 11 ISSUE 11
28 AUG-10 SEPT 1991 RS 8

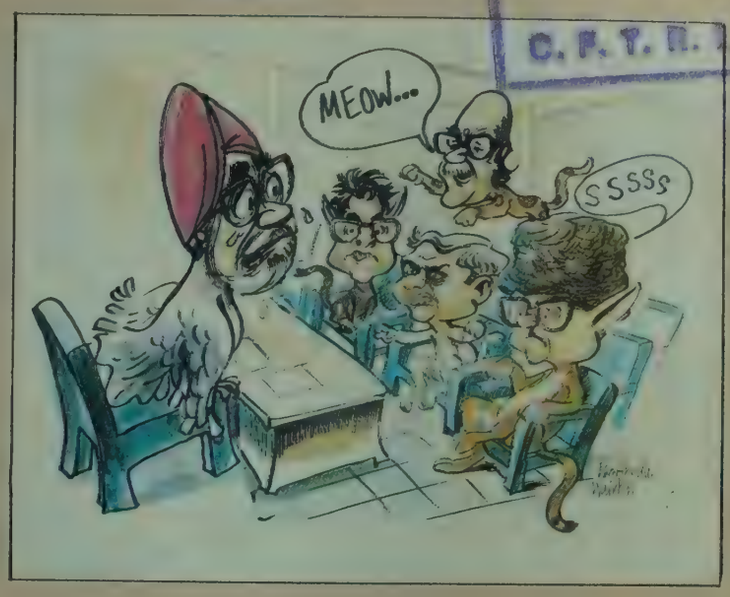
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Circulation/Subscription enquiries
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Phone: 01-353-1821
Inland Subscription Rates
One Year: Rs 131
Two Years: Rs 262
Three Years: Rs 393

BusinessWorld does not accept responsibility for returning unsolicited manuscripts and photographs.

Printed by Ranen Chakravarti at Tata Press Ltd, 414, Veer Savarkar Marg, Bombay-400 025 and published by Ranen Chakravarti on behalf of Ananda Bazar Patrika Ltd from 145 Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400 021.

BUSINESS QUOTES

C. F. T. R. I. .. MYSORE



I feel like a pigeon thrown among cats.

Finance minister Manmohan Singh in a speech in the Lok Sabha, quoted in Business Standard.

If anyone says the public or the private sector was a holy cow, then the days of holy cows are over. There has to be something more hybrid.

Prime minister P.V. Narasimha Rao, quoted in The Telegraph.

I consider socialism to be a bad word. It should not be allowed to be used in schools and colleges.

Tisco chairman Russi Mody, quoted in The Sunday Observer.

I am of the opinion that while debt will recede into the background, equity will emerge to the forefront, and enable intrinsically good blue-chip companies to make full use of MRTP (Monopolies & Restrictive Trade Practices) amendments.

Unit Trust of India chairman S.A. Dave, quoted in Dalal Street.

If you don't need a licence, does it mean that you don't comply with the Sales Tax Act or the Income-Tax Act? If licensing is withdrawn, it does not mean that you'll violate traffic laws.

Union minister of state for environment and forests Kamal Nath, quoted in Sunday.

Nobody owns us. We are owned by 155 countries.

World Bank president Barber Conable, quoted in Financial Express.

What is Classic (cigarettes) if not a copy of Dunhill? And what will happen to it if Dunhill comes to India?

Godfrey Phillips India chief executive Ram A. Poddar, quoted in Advertising & Marketing.

Busine

InformationWorld

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CORPORATE PROFILE

SOARING TO THE TOP

In just four years, Gopal Srinivasan, founder of TVS Electronics, has propelled his baby into



SRINIVASAN: *No longer on the periphery*

the infotech Top 20. He is now regarded as the king of peripherals.

25

FIRST PERSON

"NO SHORT-TERM SLOWDOWN"

But software could suffer in the long term if hardware experiences a slowdown for too long. So says National Association of Software & Service Companies (Nasscom) president Harish Mehta.

MEHTA: *Optimistic, but...*





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BUSINESS FEATURE

ESSAR: GOING GLOBAL

The 16-year-old Essar group has clinched $28 million worth drilling contracts in Indonesia and Oman. It is toying with the idea of setting up a sponge iron plant in either Malaysia or Indonesia. There is a lot going on at home too but the new thrust for the Ruia brothers — Shashi and Ravi — seems to be going global.

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MANAGEMENT

CORRUPTION ON THE QUIET

As corruption is often unavoidable, many executives are more concerned with surviving it. There are ways of reducing the risk of exposure and concomitant loss of stature.

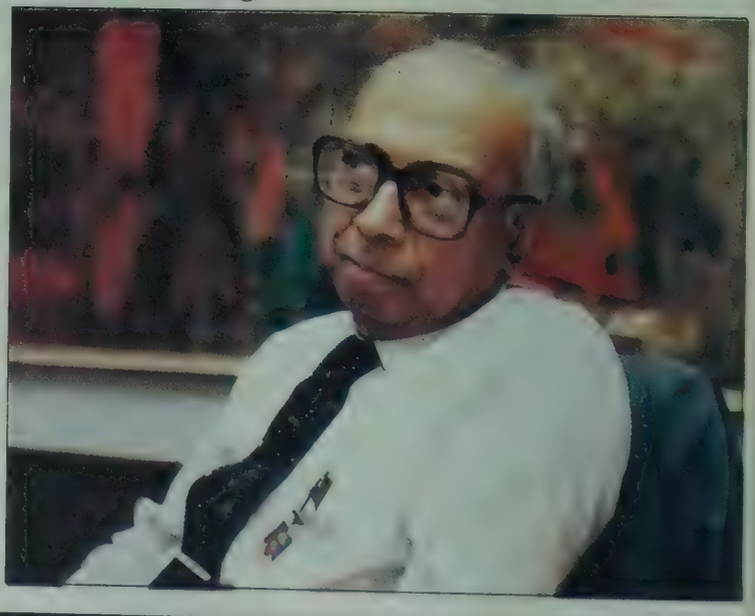
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SPOTLIGHT

SEBI'S TASKS AHEAD

Investor-protection in India has largely been a neglected area. Under G.V. Ramakrishna, however, the Securities & Exchange Board of India (Sebi) is making the right noises. It is now waiting to be given the teeth.

RAMAKRISHNA: *Taking action*



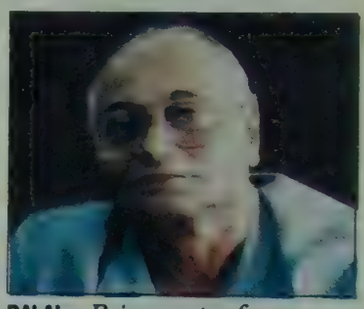
InvestmentWorld

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VIEWPOINT

"GO FOR NEW ISSUES"

So says Navinchandra N. Dalal, stockbroker and joint secretary of the Bombay Shareholders' Association. That would



DALAL: *Primary preference*

be preferable to chasing stocks in an overpriced secondary market.

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INVESTOR CONTEST

The popular *BW* Investor Contest is back.

sWorld

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A&M/SPECIAL REPORT

ROLLING IN THE DOUGH?

Croissants etc has proved that the fast food concept does not always have to be a fast flop. The chain is now going national.

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IN THE NEWS

EXPANDING VISION

A local lad has made good; 'Raja' Saboo is only the second Indian to be elected president of



SABOO: *Living up to his nickname*

Rotary International. His theme as president: 'Look beyond yourself.'

Other In the News items from page 68.

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CORPORATE INSIGHT

THE BLUES CONTINUE

Though turnover was up in 1990-91, ICI India reported minuscule operating profits.



EWART: *Coming out of the woods*

Managing director George Ewart and his team, however, see light at the end of the tunnel as the changes in the business environment are likely to benefit the company.

42

SPECIAL REPORTS

ADDING TO THE PEERLESS TANGLE

Peerless General Finance & Investment Co is entangled in yet another controversy. This time it is over whether the company "is being grossly mismanaged" as former Peerless director Parasmal Lodha avers. CMD P.C. Sen, however, begs to differ.

45

AMBANI'S MEGAMERGER

Dhirubhai Ambani is now planning to merge Reliance Industries and Reliance Petrochemicals. If he succeeds, he will leapfrog over leaders like Tisco and Telco and may get a look-in in the *Fortune 500* list to boot.

AMBANI: *Tying the knot*



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OFFSTAGE ▪ PAGE 120

Cover design by Kiran Parker

The big boys are heading for Bengal — if one goes by the queue for the Haldia petrochem and other projects. The small fry must surely be wanting to join the bandwagon.

Getting them organised is the task of West Bengal Financial Corp (WBFC) managing director S.K. Chakrabarti.

CHAKRABARTI: *West Bengal is best*



His primary job, as he defines it, is to "attract small- and medium-scale entrepreneurs to West Bengal."

But what about the traditional Bengali babu — isn't he interested? "We (Bengalis) are poor entrepreneurs — at least in medium- and large-scale industries," quips Chakrabarti. "So we have to look beyond our state."

He feels that the package of incentives provided by the West Bengal government is among the best in the country and expects few problems in selling the state. But the focus will be different. "We want to move away from conventional areas and, at the same time, reach even the smallest entrepreneur," he explains. Any takers?



MANI: *Don't ask me about competition*

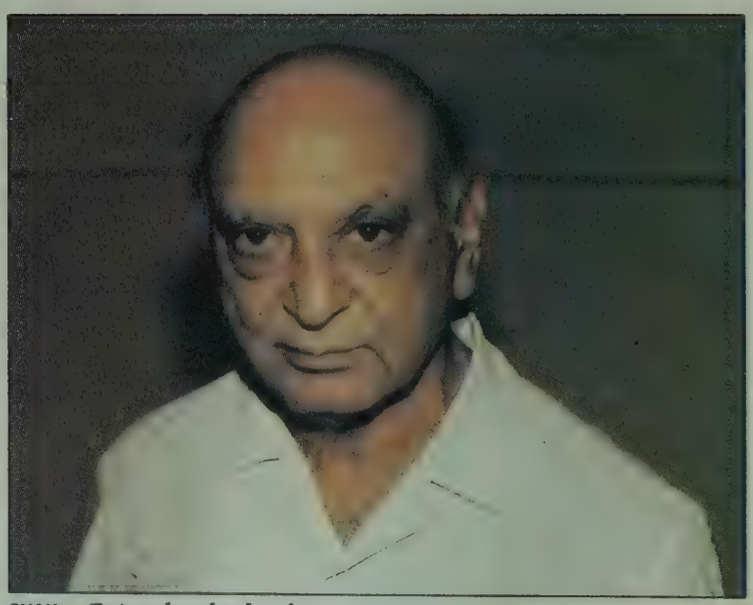
He must have had his fill of answering questions by now. But V.S.S. Mani, one of the promoters of tele-info service Ask Me, is asking for more. Ask Me, which was flagged off in Delhi and Bombay two years ago and extended to other metros later, is now going to cover second-tier cities too.

And business is booming. Says Mani: "For the present, we are receiving roughly 2,000 calls per day in Bombay. We have 10 lines. Shortly we will be adding another 10 lines to enable us to handle 5,000 calls per day."

Ask him about the competition (a lot of clones have sprung up) and he turns touchy. While he tells you that he loves competition, he refuses to even mention the names of his competitors. "Because it is a revolutionary concept and needs emotion and involvement, and since we pioneered the concept we succeeded," says Mani. "The other people are just eyeing the cash."

The involvement and emotion seem to be paying off. Mani says that he is receiving calls from places like Dubai and Australia. This explains his plan to turn international within six months. That's going a long distance.

Why is the newspaper publishing business becoming the happy hunting ground of big industrialists? Ask Jaico publishing house chairman Jamanbhai Shah, who passed on his group's *Sunday Observer* to the Ambanis, and you get an answer. Says Shah: "In today's political climate, independent publishers cannot run a newspaper business. There is too much political interference. Advertisers are afraid to give advertisements without consulting political parties. And then the State Trading Corp's (STC's) hold over the newspaper industry makes it impossible for people like us to survive competition."



SHAH: *Going by the book*

Having burnt his fingers once, Shah has no plans to try again. His group is happy being a book publishing house. Shah has plans to intensify production of paperbacks, Jaico's forte. Its recent launch has been *The Makings of a Millionaire*. The book is a biography of Belgaum industrialist Raosaheb Balkrishna Mahadev Gogte, written by columnist M.V. Kamath.

If this book turns into a moneyspinner, Jaico will try for an encore. Says Shah: "We have plans to publish more such biographies. We are sure budding Indian entrepreneurs will learn a lot from the lives of industrialists." As Shah has learnt from the *Observer* experience perhaps.

BLACKMAIL BID

The move to call for a strike in all banks in the country on 6 September deserves to be severely condemned.

It is well known that bank employees are privileged denizens of islands of affluence in an otherwise impoverished society. Not only are they well paid, but they also enjoy perquisites and benefits which translate handsomely if reckoned in money terms. Their biggest perquisite, of course, is that no norms of productivity apply to any of them. Nationalisation has bred a system which even sympathisers will be bound to label as overmanned and inefficient.



Obviously, the biggest beneficiary of this perverse system is the army of bank employees. And basking as they do in the assurance that their service is fully secure, these cosseted and mollycoddled employees indeed have emerged as the biggest vested interest in the near-sick nationalised banking sector.

It is hardly surprising, therefore, that the mere possibility of partial privatisation sends shivers of apprehension down their spines. A work scenario where they might conceivably be accountable for results is naturally anathema to them. Hence the present pro-active muscle-flexing moves such as a strike call.

This direct assault on customers' interests is actually an indirect blackmail of the government. Money fuels the engines of economic growth and the bank unions want to send the message loud and clear that they can stall these engines if they want to. This is a classic case of a Frankenstein devouring its creator. The government will have to be very clear in its mind whether it should sacrifice the larger long-term public interest by buying peace with the unions, or stick it out through temporary upheavals in the ultimate cause of customer service.

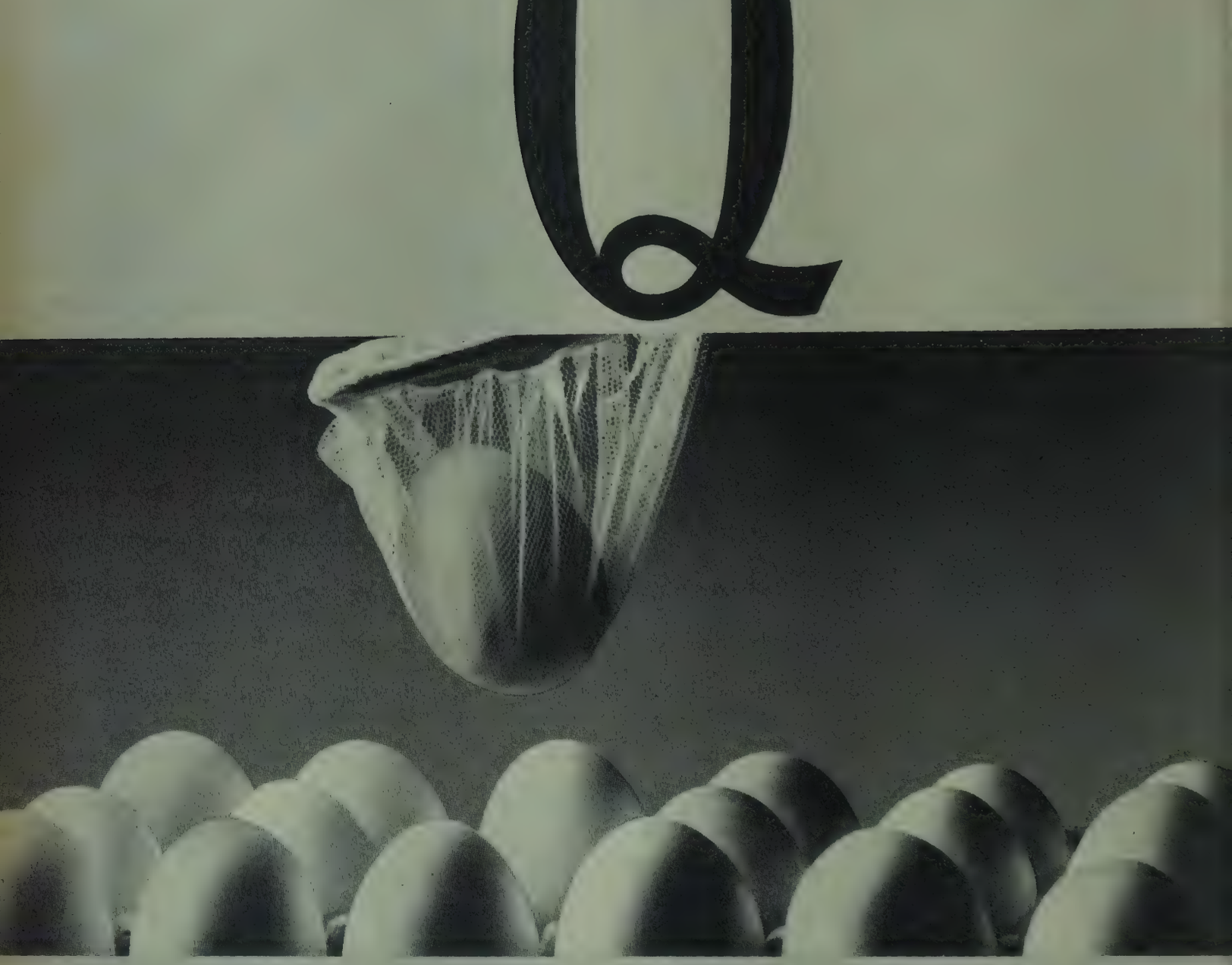
In the Indian marketplace in general, and in the banking sector in particular, customer interest traditionally has been the neglected factor. All operational aspects ranging from inflexible working hours to unilateral bank charge hikes are tailored to subsidise the gross in-house inefficiencies of this sector. This cannot go on for ever. Banks ought to head the list of specific target segments where structural reforms are overdue.

Yet, sadly, reforms are still far away. The privatisation proposals, as mooted, are tenuous and vague. There is hardly any assurance that even if these half-measure proposals are implemented, bank services will improve. The rot has set in too deep.

In the circumstances, it might be a far better idea to throw open the banking sector to private enterprise, both domestic and foreign. This is the only way, in the final analysis, to ensure a good deal for the customer — rather than the employee.

Rather than vague privatisation proposals, it would be far better to throw open the banking sector to private enterprise

Q



How to secure
overall protection ?

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A

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INTERAUS-D

LETTERS TO THE EDITOR



BRANDS & ENGLISH

This refers to the Business Feature 'Building a new brand' (*BW* 17-30 July 1991). The low awareness of the manufacturers of many brands proves that these firms were successful in attaining the objective of 'individual branding,' that is, dissociating the brand from the company.

A perusal of the tables reveals that, within the student group, those educated in English had better awareness than those taught in vernacular languages. This can be attributed to the fact that most of the brandnames are in English.

Stephen Mathews
Kerala

A CORRECTION

This has reference to the Ad & Marketing World piece 'Garden wars' (*BW* 17-30 July). In that it has been mentioned that "Wockhardt has reportedly slashed prices from Rs 50 plus to Rs 30 per 100 ml can to come closer to the Garden Diet sticker price of Rs 22."

I would like to state here that we have never reduced the price of Maxicare. The product was launched in Bombay in January 1991 and from the very beginning the consumer price has remained the same, that is, Rs 30 per 100 ml bottle.

Rahul Basu
Marketing manager
Bio-agro division
Wockhardt
Bombay

The error is regretted. — Editor.

SHED THE SHACKLES

The Business Feature 'Narasimha Rao's economic recipe' (*BW* 3-16 July) merits urgent consideration. A look at the Indian economy clearly indicates that the current crises facing the economy — a deteriorating balance of payments position, high population growth, growing unemployment and poverty — all have



RAO: *Tough job ahead*

their roots in the pseudo-socialist model adopted for the past 40 years. Economic resources and power have been concentrated in the hands of the state. Unfortunately, the state has not been able to manage various undertakings in a professional manner.

It is time we shed the shackles of the past and gave more importance to market mechanisms.

Rajendra K. Aneja
Bombay

SOME SUGGESTIONS

The Union government has constituted a recodification cell in the department of company affairs to simplify, rationalise and streamline the Companies Act, 1956, in the light of the experience of advanced countries like the US and the UK as well as Commonwealth countries like Malaysia and Singapore.

One of the important areas of review by the recodification cell is the standard of disclosure by company managements to enable investors form rational investment decisions. In this context, the following suggestions deserve careful consideration:

- Comprehensive information about the company, its management and proposed investment proposals should be made public. In addition, risk factors must be disclosed.
- All mutual funds should disclose financial results of their operations on a quarterly basis.
- Directorship for individuals should be restricted to 10 companies, shareholding qualification be made compulsory and a minimum period of holding the office be fixed statutorily.

K.K. Bajaj
Calcutta

REFLECTING CLASS

The *BusinessWorld* team deserves a resounding round of applause for the magazine's excellent layout and presentation. The class of the Ananda Bazar group of publications is reflected in the present format of *BW*.

Although the contents of the magazine are evenly balanced among different features, there seems to be one aspect which is low on your list of priorities — a section devoted to international business.

Deepankar Pant
Andhra Pradesh

We carry six pages of business-related international news in every issue of BW. *— Editor.*

NEW SECTION NEEDED

I am a regular reader of *BusinessWorld*, which is one of the best business magazines in the country. I have a suggestion to make: please include a new column on self-made business personalities.

Rakesh Singh
Bombay

QUESTIONS & SOLUTIONS

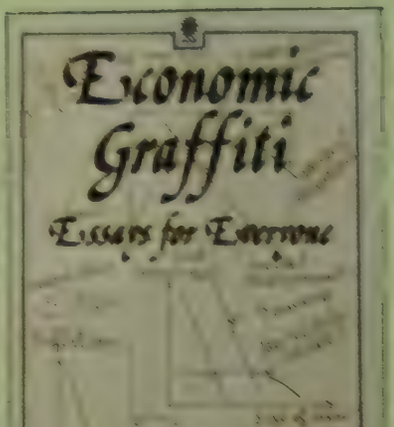
Who is responsible for the present balance of payments crisis and economic mismanagement which has resulted in the high rate of inflation and devaluation? There should be a high-level judicial inquiry to apportion responsibility and to identify, in detail, the causes of these problems.

Independent public interest organisations should consider taking on this work; they should establish a quasi-judicial commission, in case the government of India is unable or not willing to constitute a formal judicial commission for the purpose.

S.K. Punshi
Bombay

ECONOMICS FOR EVERYBODY

(Published by Oxford University Press, New Delhi, 1991; price Rs 75.)



Webster's dictionary gives the meaning of the word 'graffiti' as 'words or phrases written on public sidewalks, on the walls of buildings, public restrooms etc. or the like.' By no means can the book under review be called graffiti in this sense. Perhaps 'stray thoughts,' would be a better description. The book is a collection of newspaper articles by Kaushik Basu, an economist of distinction, who has taught in some of the most prestigious institutions in India and the US. The collection does not have any particular topic as focus but brings together Basu's writings in the press between 1982 and 1987.

The book is divided into six sections. The last section seems to be somewhat out of place, consisting as it does of two writings that appeared in the *Economic and Political Weekly*, and one in the *Indian Economic Review*. Both these journals address professional readers rather than a general audience.

The author writes engagingly. The style is easy to read. He is one of the rare economists who consciously tries to communicate to the lay reader, archetypally nervous of economics and economists. Says he in the introduction: "Minimum economic literacy among the citizenry is... a... prerequisite for successful economic policy-making."

At no time has this been more true than in recent months in India when the reader has had to grapple with front page newspaper reports on "fiscal deficit," "budget deficit," "short-term external borrowings," "debt trap," "debt servicing," and other such terms. He is told that the solution to these problems will cause pain, inflation, closure of industries and radical changes in the safe world he has known for over 40 years, when his job was secure till he retired or died, irrespective of how well he did it. All this has led to much bewilderment. Any attempt, therefore, to make economic problems understood by laypersons is to be welcomed.

Common thread. If there is a theme throughout the book, it is the application of principles of economics to day-to-day problems. Basu applies these principles to understand issues such as money, tariff protection, dumping, brain drain, luxury consumption, corruption, basic needs, external trade, foreign exchange, inflation, rent control and so on.

In his very first essay, on "Economics and Scepticism," he examines the charge that economists are humbugs. He feels that one reason for the tarnished image of economics and its practitioners is that "it is being oversold." He omits mentioning that the ideological orientation of many economists colours their argument in favour of one point of view against another. In recent months, the enthusiastic conversion of many economists to a "liberal" economy would also create some doubt about economics and economists.

The author is not with George Gilder or Milton Friedman in believing that "if each man is left to pursue his own selfish end, society will automatically function efficiently and progress as if there is an invisible hand guiding it." This school of thought believes that free trade is desirable, socialism is bad, and quality control of goods in general undesirable. Basu, on the other hand, says that "there are the old and the infirm whose needs are as great as, if not greater than, those of others, but whose abilities are limited" and who have to be protected. Empathy and concern are not symbols of sloth. The unselfish person can always serve a greater social purpose than the selfish.

Neither is Basu a monetarist in describing the Indian experience. He says that other variables [for example agricultural output] than money supply and prices, play quite a critical role. Interestingly, there is no mention in the book about the concept of fiscal deficit and its influence on the economy. The International Monetary Fund (IMF) has brought this concept to the forefront of national concern and economic policy.

His essay on "Economics in a Crystal Ball" is a tribute to Lawrence Klein on the latter winning the Nobel Prize and gives a lucid explanation of the method of macro-modelling which simulates "reality by a system of simultaneous equations. In every economy, key variables are strongly inter-related. For example, the interest rates depend on the availability of credit and the rate of inflation. Such a relationship is expressed in an equation... the group of equations is called a system of simultaneous equations. These economic constructions are very useful for policy formulation. The government could, for instance, plug in alternative levels of taxation and solve these equations to find out their respective effects on prices, output and other economic parameters. However, the next essay is vague and seeks to explain the General Equilibrium Theory to the layperson while discussing the work of another (French) Nobel Prize winner.

The essay titled "The Many Faces of Keynes" describes many personal aspects of Keynes but not much about his economics. It brings out the dilemma that many economists must face at some time in their careers — "whether to wash one's hands off a government one disapproves of or to stay on and try and influence policy in the right direction, even if in a small way."

The essay on "The Coin Crisis" cites the coin shortage in 1984 to explain an economic principle. Says Basu:

The author writes engagingly. The style is easy to read. He is one of the rare economists who consciously tries to communicate to the lay reader

"Money, after all, is anything which people believe other people will accept." The emergence of money substitutes (during the coin shortage, for example, extra bus tickets, peppermint, among other things, served as change) is a reminder that "the subject of money and its substitutes is itself a response to deeper economic forces."

In "The Costs of Brain Drain," Basu argues that we should not look merely at the loss to the country, for example, the migration of doctors, but also at the increased welfare of the migrants themselves. He argues that if society feels otherwise, it must provide good incentives for them to stay back. Last year, the author could have said (with many others) that they support our balance of payments (BoP) through their remittances. With nemesis having overtaken these remittances, it is the non-resident Indian (NRI) who is the main cause of the BoP crisis this year, as he lost confidence in India and began to withdraw his deposits.

Basu argues that luxury items should be taxed heavily in order to curtail their consumption and says that if such luxury items are labour-intensive, the curtailment of consumption will affect the poor. He does not, however, define what a luxury good is. Since there are many manufactured consumer goods today that are also bought by the poor and used by the rich, a clear definition is essential, what with indirect taxation bearing heavily on so-called luxuries.

The author is for a high savings rate because it promotes greater capital accumulation but he agrees that infrastructure bottlenecks come in the way of growth. He says a flexible price policy could be used as a means for allocating the scarce factors of production. He points out that the productive activity of government in India is small compared to other developing nations. He says it would be best "if government would itself undertake speculation, that is buying goods during times of shortage... If private speculation ceases because there is no scope for it, then it is beneficial for society... What we should aim for is a drastic restructuring of the organisation and incentive system of our government-owned concerns." Though written in 1985, this is even more valid today.

Basu argues for the use of "our exchange rate strategy as a complementary one to trade, to keep the BoP deficit under check." He is against large trade barriers because they result in over-protection and poor quality of goods.

Some of the writings are in response to the Union budgets of the eighties and are dated. They are in the language of the eighties and leave out the discussion of concepts and relationships that the IMF has made very popular this year in India.

There is a series of essays on inflation, and Basu is for the indexing of wages, taxes etc. in relation to inflation. He does not look at inflation and its relation to the external BoP, nor the problem of rising industrial costs as cost of living-linked wage increases outpace improvements in productivity.

The essay on "Economic Perestroika in USSR" describes the "shortage economy" situation and asks whether major restructuring of the economy and its reorganisation can succeed. Basu talks about the problem of "dislodging a structure of vested interests." We will face this in India as we try to change our economic structure. It would have been interesting if the author had discussed the problem of sustainability or the change from a command economy to a competitive one. There is not enough work on the implications of the alternative policy options in bringing about this change.

All in all, this is an interesting book for the reasonably well-informed layperson who is concerned as a citizen about the problems of the economy.

□ S.L. Rao

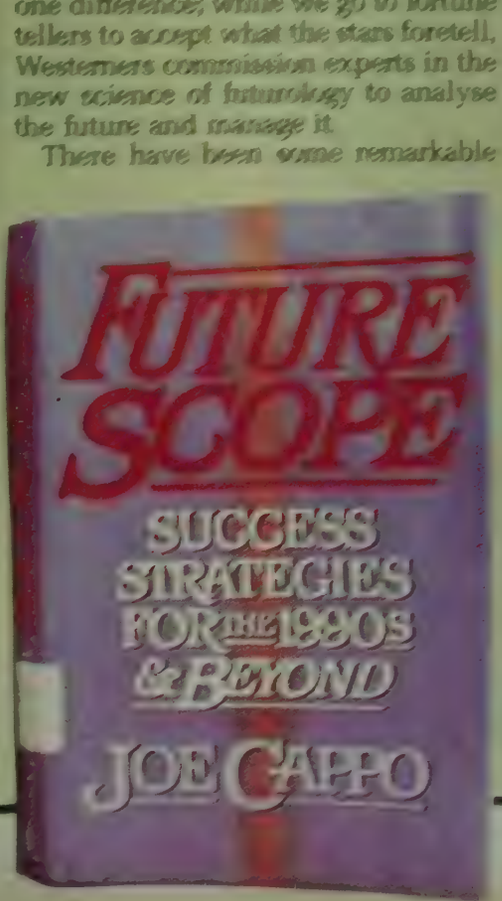
Rao is director general of the National Council for Applied Economic Research (NCAER), New Delhi.

PLANNING FOR TOMORROW

(Longman Financial Services Institute, Chicago, 1990; pp 230; $19.95.)

Curiosity about the future is not the exclusive prerogative of Indians; affluent Westerners are now equally keen to know more about what is to come. There is, however, one difference; while we go to fortune tellers to accept what the stars foretell, Westerners commission experts in the new science of futurology to analyse the future and manage it.

There have been some remarkable successes, including *Mega-Trends 2000* by John Naisbitt and Patricia Aburdene, which give readers a clear idea about the world by the time this century comes to a close. The latest addition to this genre of books is *Future Scope*, a highly readable and useful publication by Joe Cappo, an American financial journalist.



Unlike John Naisbitt, Cappo discards the global angle and focuses his attention strictly on the American future. In a fascinating brainstorming session Cappo paints a remarkable portrait of what life will be like in 2000 AD for American business, entrepreneurs and individuals.

Cappo regrets that the subject of change in contemporary society and the study of the future are often overlooked or underestimated and that it is only now the designation vice-president-future is finding a place in American corporate headquarters.

He analyses the subtle difference between projections, predictions and guesses. Projections, based on official data and solid research, have roughly a 95% chance of being correct. Predictions involve additional interpretation and extrapolation and are less reliable, with an accuracy factor ranging from 75% to 95%. Guesses are calculated guesses, not wild stabs. Cappo confesses: "I have resorted to them

when good data was not available. I can only hope that 60% to 75% turn out to be accurate."

The author sounds a timely note of warning: "Companies that fail to respond to changes in the marketplace are in danger of losing marketshare or even going out of business. Every corporation should consider appointing an executive to be in charge of studying future affairs."

Here are a few more of his projections about America as it reaches the 21st century:

- The percentage of Americans who never marry will double or triple.
- The number of people in their twenties will decline, creating a shortage of entry-level workers and college students.
- By 2000, half of all American voters will be 48 and older.
- Marketers will have to develop products, fashions and services that will appeal to an older audience.
- Asian immigrants will have the fastest percentage increase. Their population will double.
- Marketers will have to cater to the growing influence of Asian food, fashions and customs.
- Americans will turn into grazers as more meals will be eaten away from home.
- The standard of living will slip as other industrialised countries catch up with America.
- Corporations will have to adapt to the increase of women at top management levels.

The book paints a remarkable portrait of what life will be like in 2000 AD for American business, entrepreneurs and individuals

There are harsh comments on major industrial corporations. "Much of American industry today is like an overweight and overaged heavyweight — big, slow to respond, inflexible, unable to manoeuvre gracefully," he writes and predicts: "These behemoths of business will become less important to our economy. The real action of the next decade will occur in the small-business sector."

Another interesting forecast on consumer preference deserves our special attention. Brand loyalty is staging a comeback. Companies will therefore stress building brands, concentrating on quality, confidence and value. The biggest opportunities will come for those who offer time-saving services to two-cheque families.

Throwing interesting light on future food habits, the author predicts dramatic decline in consumption of red meat, eggs, butter and sugar. Per capita consumption of coffee is already half of what it was in 1962; it will decline further. The hardest hit, according to Cappo, will be cigarettes and alcoholic beverages. Four-fifths of American adults will be non-smokers by 2000.

Future Scope is an absorbing book. It should provide food for thought to Indian businessmen and managers. It is also time an enterprising Indian author sits down to write a local version, so that Indian businessmen don't have to rush too much to the fortune-teller to prepare for the future.

□ Sanjiv Goenka

Goenka is the vice-chairman of RPG Enterprises.

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A STRATEGY WITHOUT FOCUS

MEHOOL PAREKH



Strategic planning is the latest buzzword in the Tata group. And what has increasingly been making waves is the Tata strategic plan for the nineties. As has its author Raju Bhinge, who has since set up the Tata Strategic Management Group (TSMG) within the Tata fold to cater to other companies' strategic needs. But how much of strategy have the Tatas really displayed in the past?

Take just one area: electronics. The Tatas have one long-standing foray in that area — Nelco. For various reasons, this Ratan Tata charge just did not take off. And this despite having a good performing product line (apart from an ill-advised foray into the PC market). Today, the company is still not making enough money; whatever little it does is perhaps courtesy a turnaround expert brought in a few years back. Even Bhinge admits that "Nelco is a very complex issue."

One would expect that since an earlier venture in a technology-intensive and fiercely-competitive field did not quite pan out as planned, the group would have been a bit more circumspect. But, surprisingly, that wasn't the case.

Take Tata Unisys Ltd (TUL). Promoted to mainly manufacture computer hardware TUL, today, earns a good two-thirds of its revenues from software development and exports. And it has been finding it hard going hawking its hardware. A slump in big-spending by corporations could sock the company's hardware sales further. No doubt TUL rakes in the moolah but the fact that it does so from an activity that was not ordained for it as its kitty-filler means there are some chinks somewhere.

Of late, the group's other ventures also have not made much strategic sense and look like a strange mixed bag. A quick run through some Tata group companies and their activities makes this very clear. Tata Telecom: main business — manufacture of EPABX systems. Tata Keltron: manufacture of telephone instruments. Tata Finance: main business — consumer finance and related areas. Tata Industrial Finance — leasing and merchant banking. Tata Consultancy Services — computer software and related consultancy. Tata Elxsi — computers. Tata-IBM (proposed) — computers. Nelco — computers and allied products. PSI-Bull (a recent equity stake) — computers. Tata Economic Consultancy Services — project feasibility, market surveys, environment scan. Tata Strategic Management Group — environment scan, strategic planning, project feasibility.

Do you see any sign of a common thread or does it look like a random rush into various alleys? Is there a bigger gameplan which none of us is aware of? Pose this question to Bhinge and a hesitant admission surfaces: "Sure, there's an amount of serious overlap which is being considered." Some explanations to what appears like a rash of project promotions can, however, be provided right away. The Tata Keltron and Tata Telecom ventures are the story of an early business commitment which could not be broken. The Tatas had agreed to partner Keltron in a telephone instruments joint venture (telephone instruments were reserved for joint sector units at that time). Very soon after the project was announced, the government in its infinite wisdom decided to throw the field open to the private sector. The Tatas were caught in a bind: but they decided to go ahead with Keltron. Subsequently, they decided to keep EPABXs out of the company's ambit and formed a new outfit — Tata Telecom.

The other enterprises look as if they had been set up as and when an opportunity arose; but there is simply no cohesive strategy in all this. Defends Bhinge: "All these enterprises have been promoted piecemeal over a period of time. Moreover, this can impart fleetfootedness." He may have a point there.

The Tatas have, typically, an extremely bureaucratic style of functioning. The companies in the group are professionally managed but a lot of layers hinder speedy decision-making. This hurts — particularly in competitive markets like computers and telecom. What Bhinge is trying to explain is that by having different small entities with a sharp focus, speed can be imparted to decision-making.

Is there a gameplan behind the Tatas' moves to float various companies involved in electronics? A closer look reveals very little of strategy

There is, however, a flip side to this strategy. First is promoting too many names for similar businesses. Wipro has only one computer hardware company which sells PCs, minis and super-minis. Ditto for the rest of the competition. In the same marketplace, there is going to be a TUL, a Tata Elxsi, PSI-Bull and, probably, a Tata-IBM. All the companies surely have a fair amount of overlap. Promoting all these ventures, given today's expensive ad costs, is going to be one uphill task. Second, different ventures with full staffs (given the Tata penchant for bureaucracy) means heavy overheads. A single company can prune administrative and other non-revenue-earning staff considerably.

Then there's the added problem that consolidation of this grab bag of businesses is going to be tough. All the companies have equity participation from the collaborators and none would presumably agree on a dilution or accept a smaller piece of a bigger cake.

What went wrong in the planning? The answer to this seeming mess is elsewhere. Given bureaucratic and legislative shackles, the Tatas had to rush into whatever was available which is not quite the same as what was advisable. In yesterday's world, that was the only possible strategy. With liberalisation, will we see another?

• *The author is a partner in a Bombay-based consultancy firm*

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ROLLING IN THE DOUGH?

It's definitely no piece of cake. Vijay Mallya tried it with Pizza King, Ramesh Chauhan took a stab with Big Bite. But fast food chains have had a habit of disappearing faster than the food.

There are, however, the exceptions. The Ambassador group's Croissants etc. seems to have crossed the hump. Starting with one outlet in Bandra (a Bombay suburb) in 1987, it boasts seven more in the city now. Another is to be flagged off in Delhi shortly. What is the secret of its success?

"Our products spoke for themselves," says general manager Aspi Nallaseth. (Croissants etc serves croissants — basically bread rolls — and, in keeping with the 'etc,' burgers, sandwiches, rolls, cakes, pastries and chocolates.) "The product line was carefully designed," adds Nallaseth. "If the product is good, the size and content ample, and people get their money's worth, the concept is bound to click."

There is more to it than just that of course. "Another plus point with us is our service staff," says Croissants director Rachna Narang. "It is not just a waiter-type person behind the counter. They are young boys and girls who provide friendly service."

Besides, the chain is trying to be broadbased in its appeal. The locations have been chosen carefully. Says Nallaseth: "We are reaching out to youngsters, not forgetting their moms and dads." The accent, however, is on the former.

The ambience of the outlets contributes a lot to the appeal. Stainless steel pillars, mirrors, glass and steel counters, marble flooring, spotlessly clean furnishings and, of course, music. Through a suggestion and complaints box kept in the outlets the management is in constant touch with its customers. The menu is updated every month. Says Narang: "Variety is the aspect most neglected by others."

Croissants has also been taking the battle into its rivals' backyards. Outlets have been set up near those of its nearest competitor — Taj Cake Shop. Says Ambassador group director (operations) Sanjay Narang, who is also Rachna's brother: "We wanted to compete head-on with Taj." Counters Taj Trade & Transport (which runs the Taj cake shops) director-in-charge Pinky Gandevia: "It is a compliment to us. It just proves the market we have."

But hasn't Croissants eaten into Taj's share of the market? Says Gandevia: "In the earlier stages, maybe, yes. But there is enough business for everyone. The competition is healthy." Sanjay Narang, however, thinks differently. He boasts of having acquired more than a minor slice of Taj's cake. Counters Gandevia: "It's hardly likely. We are catering to two different segments of the market. It would be like comparing oranges to apples." Nevertheless, the similarity is there: both are fruits.

And this similarity is reflected in the interiors; the last two Taj cake shops opened have broken away from pink and wood (the aristocratic appeal) to more of glass and white. Says Gandevia: "We are just revamping and keeping up with the trend. The customer today goes in more for glitz and trendy stuff."



RACHNA NARANG (CENTRE): *Emphasising on variety*

Unlike other fast food chains that have disappeared faster than the food, Croissants has tasted success

The proof of the pudding, however, lies in the eating. On the sales front, Croissants claims to have a turnover of Rs 4.5 crore. The Taj cake shops in Bombay (excluding La Patisserie and Sugar 'n' Spice) are stated to have sales of around Rs 3 crore.

But is this success a passing phase; will the novelty wear off? While there have been those who have tried and failed (the Oberois for one), the general opinion is that there exists a tremendous market for this business. Concurs Oberoi Flight Services manager Harsh Varma: "Especially in Bombay. And it has not been fully exploited." The Oberois, on their part, came a cropper with a similar venture in Bombay — Temptations — which closed about four months after opening. Explains Varma: "The location was not right. Soon after we opened, the street we were on became a one-way and parking was not allowed outside the outlet."

Croissants, however, faces no problems down this road. The "success recipe," as group manager Ian Stanton puts it, is: "First, the positioning of the outlet should be such that it is easily accessible and visible. Second, an adequate number of the target clientele should be around it. Third, the price-list should suit the buying capacity of those people."

The success of Croissants, however, is brewing competition — of the homegrown variety. Currently, there is a family tug-of-war underway for control of the chain. At the time of writing, Rachna and Sanjay Narang were battling to regain their hold on the chain from uncle Rama Narang who had taken over. If they don't succeed, they plan to set up a new fast food chain of their own styled Le Croissant. Would that be a fast feud chain?

□ Chhaya Balachandran

BACK FROM THE CELLAR

It's almost like a rewind and replay of the *Saturday Night Fever* fervour. Bombay's yuppiedom has rediscovered the disco — and how! Three plush new discotheques have wowed the city's nocturnal revellers over the past 10 months. One old haunt, the Cellar at Oberoi, has been relaunched after an extensive revamp and another will follow suit soon. On each dancefloor, the sound of jingling cash registers matches the decibel-level of the beat music.

Bombay has always boasted of more discos than any other Indian metro. But no dancehall has stayed in business long enough to make a lasting impression. Each has opened with much fanfare, only to fade into oblivion within a few years. Patrons have deserted one fancy outfit after another, as soon as its novelty wore off.



OBEROI'S CELLAR: *Old haunt revived*

The new band of disco-owners are obviously convinced they can beat the trend. Ravi Ghai, for one. His RG's, arguably the swankiest of the swank new establishments, is going great guns; but Ghai is already contemplating strategies to combat what he calls "the fatigue factor." He knows how fickle his clientele can be. "Isn't everything cyclical?" he asks. According to him the secret is to keep thinking up novelties to attract the crowds.

Amrish Arora agrees. As executive director of Kamat's Club, which runs the Go Bananas disco, he keeps close tabs on patron preferences. Says Arora: "A disco has a lifespan of two or three years. If you want the crowds to keep coming after that, you've got to go in for a complete overhaul."

This, says Nigel de Sales, is precisely where discos in the past ran aground. The general manager of Hotel Metro Palace, which houses Rock Around The Clock, de Sales believes "the ones that folded up must have been neglected."

To combat the fatigue factor, discos have to keep close tabs on patron preferences

Small wonder, then, that the discos in business today spare no expense on gimmicks. Each has its own USP (unique selling proposition) — RG's boasts a 24-TV "video wall," Rock Around The Clock claims to be "the only split-level disco in existence" and Go Bananas was the first to bring in Karaoke.

Theme bashes are also sure-fire chart-toppers. Go Bananas demonstrated this with its open-air "Rain Dance" (to celebrate the Bombay monsoon) which proved a smash hit. As a follow-up number, the disco plans to hold a Fido-Dido look-alike contest, in collaboration with Lehar Pepsi soon.

Other gimmicks are directed at pushing up attendance on weekdays — or "weak days," as Arora likes to call them. Some days are reserved for private parties. On others, ladies (or airline crews) are offered free entrance. Go Bananas even earmarks one entrance-free day for the executive-level staff of five-star hotels.

But entrance fees, on their own, don't pay the costs of running a disco. Nor do membership charges, which can be very steep indeed (Rs 20,000 per annum at RG's, Rs 10,000 at the discos attached to the Taj and Oberoi hotels, and roughly Rs 8,000 at Go Bananas). Although disco-owners are not willing to disclose turnover figures, they agree that most of the revenues come from food and beverage sales.

Of course, the discos attached to five-star hotels don't have to show profits to survive. Says SeaRock Sheraton general manager Sarabjit Dhawan: "The whole point is to provide our guests with another facility — that is what is expected of us." SeaRock's disco, the Cavern, is open only to guests — and only on weekends. Naturally, the cyclicity of the disco business isn't a major concern here.

It is at RG's, Rock Around The Clock and Go Bananas. Although these are also attached to hotels, they were conceived as separate entities, not as add-ons to existing luxuries for guests. They are, therefore, expected to stand on their own feet.

Which is why they must come up with novelties to keep members interested. And this is easier said than done. Total redecoration is an expensive proposition. RG's, for instance, cost Rs 1 crore to set up; a full revamp would be just as dear. Gimmicks are risky business; there's no telling which one will appeal to the paying public and which one will bomb.

Bombay's disco-owners may be dancing all the way to the bank right now, but they're dancing on thin ice.

□ Carina Vincent



COLOURING SMILES

Car-creator Henry Ford would not have dared make his legendary statement ("give them any colour as long as it is black") in today's warfare-heavy marketing playfield where colour variants are constantly launched to generate brand excitement. Colour has found its way even into condoms (see *BW* 17-30 July).

In toothpaste, it is Levers which pioneered the coloured gel concept with Close-up and won its way into consumers' hearts and mouths and the marketing Hall of Fame. Now, Levers is getting ready to repeat its success act. The company has kicked off a new "zingy green" Close-up variant. Targeted at the younger generation, Close-up green hopes to attract users with its colour and flavour appeal as well as appetising looks.

And in the process carve out a larger share of the Rs 400 crore toothpaste ballpark which is growing at the rate of 10% per annum. The reason for the launch, according to an HLL spokesman, "is to keep competition from getting in. We are being proactive."

The new variant is priced on a par with the red and blue Close-up variants: at Rs 7.40 for 50 gms, Rs 14 for 100 gms and Rs 19.75 for 150 gms. Are competitors going green with envy?

PITCHING AN AURA

Most people think that *zarda* (spiced tobacco) is an absolute downmarket product. But Delhi-based Dharampal Premchand (DP) would like to have us think otherwise. For quite a while, DP has been driving the message through its ads that its Baba Zarda is an international quality product. While press ads have been highlighting the slickly-designed container, the video ads (*zarda* ads are banned on Doordarshan) have been using Mazhar Khan and Zeenat Aman to sell the product. The couple connote an upper middle-class family; the signals between the press and video ads were thus mismatching.

Now, DP has corrected that lacuna. The company has plumped for high-flying, flamboyant playboy-cum-actor Vinod Khanna for the video ads. And the ads, though slightly hackneyed, are worth a dekko. In one spot, looking suave and debonair in a three-piece, Khanna goes to the races, backs a winning filly and lands a gorgeous woman. While there are envious looks all around, he digs out his Baba Zarda and chews it — the message coming through is that Baba creates winners.

The second spot has to do with a Kathmandu casino. Again the upmarket jetsetting macho male repeats his act.

The international reach of Hindi film video cassettes should take Baba some distance. The company is hoping that the Khanna aura, which helped the Cinthol sales pitch, will pull off the trick once again. Will it? Or will Baba prove to be a black sheep?



A BITTER PILL?

The condom brigade has, for a while now, been feeling the heat, what with a plethora of brands and manufacturers scrambling to make an entry. Now, it's about to face competition of a different kind — from oral contraceptive pills. Already, Mala-D has been doing the rounds with some TV ad support. Now Mala-D has got a companion — Saheli — which is to be exclusively marketed by Karnataka Antibiotics & Pharmaceuticals Ltd (KAPL). (The pill, incidentally, was developed by the Central Drug Research Institute and is manufactured by Hindustan Latex.)

KAPL managing director P.P. Madappa claims Saheli has some advantages over Mala-D. Says he: "It is a non-steroid oral contraceptive, which means no side-effects. Besides, being an anti-implantation pill, Saheli needs to be taken twice weekly for the first three months and once a week thereafter."

Madappa is going about pushing the pill quietly. For a good reason. "There's a shortage of raw materials," says he. Thus, Saheli was launched in Delhi first and is to soon vend its way into Bangalore. Will it see a sales spurt?



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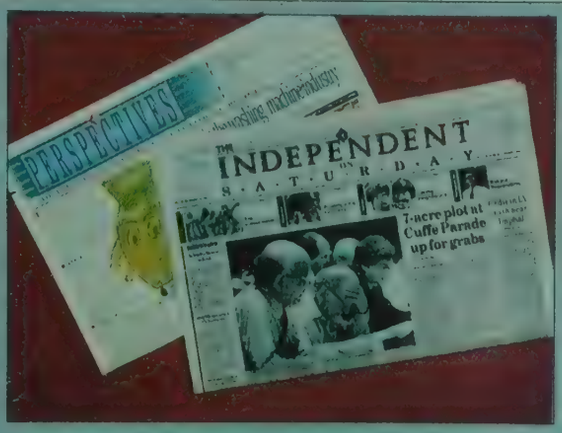
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THE TIME HAS COME...





The times-are-a-changing act continues at The Times of India group. The latest publications to get another shot of reworking are the weak-looking *Illustrated Weekly* and the financially-dependent *The Independent*. While *The Weekly* has finally dropped the magazine format and become a lean broadsheet (as promised by editor Pritish Nandy sometime back), *The Independent* has decided to put on weight every Saturday and harp on the weekend newspaper USP (unique selling proposition). Says Bennett Coleman & Co director (response) Pradeep Guha: "The step has been taken to strengthen the brands. Going by the readership profile of *The Independent* we decided to stay away from the Sunday market, instead give hefty reading matter on Saturday, the day most corporate bigwigs have a weekend holiday."

As for *The Weekly*, according to him, the management had two options while considering a change: increase the product price or continue to subsidise the loss-maker. The first, he says, would have been suicidal, as circulation would have dropped. The second, of course, doesn't make much business sense. "Therefore, we took the gamble and went for a broadsheet," he says.

And a gamble it looks to be. In its new avatar, *The Weekly* will be jostling for attention amidst a plethora of publications — *The Sunday Observer, Sunday Times, Sunday Mail* and, of course, the usual weekly magazines. *The Weekly* reader, who has seen his once-favourite magazine change shape so frequently, may just casually give it a go-by.

Guha pooh-poohs rumours that the current moves are a forewarning to the closure of the two brands. "On the contrary," says he, "we are hopeful of better times."

As is the group about its other ventures. It has bid for the second channel on Doordarshan. Besides, it's gearing up to become a marketer a la Voltas. Says Guha: "We are building our marketing infrastructure first to cater to the group's growing needs of niche marketing for its various brands. Secondly, we may use our marketing network to sell products for others too."

Is that an idea whose time has come?

TAKING CARE

Health pills have been cropping up in the market at frequent intervals. Now here's another one that's made an energetic foray — Natura Take Care. Targeted at the executive who's hyped up on success, the brand is being flogged as a natural product. (Its major ingredients are claimed to be two lipid regulators — *Allium sativum* (garlic) and *Shorea robusta*.)

The ad for the product relies heavily on the scare factor. ("Too many late nights... rich food... pressures... tension... you're building up your cholesterol and triglyceride levels... does the price of success have to be your health?") All that executives have to do to avoid that harsh scenario is take one pill of Take Care everyday. And the price-tag for that safeguard: Rs 57.90 per month.

Considering the low price, Natura may find customers taking care.

BENETTON'S NEW MOVES

Benetton is bent upon making its mark on the Indian market. After creating some excitement at its casualwear launch stage (through Indian licensee Dalton Fashions) a couple of years ago, the brand recently unfolded a new officewear range. Available at the numerous Benetton franchised outlets, the range has been getting prominent display space at the stores.

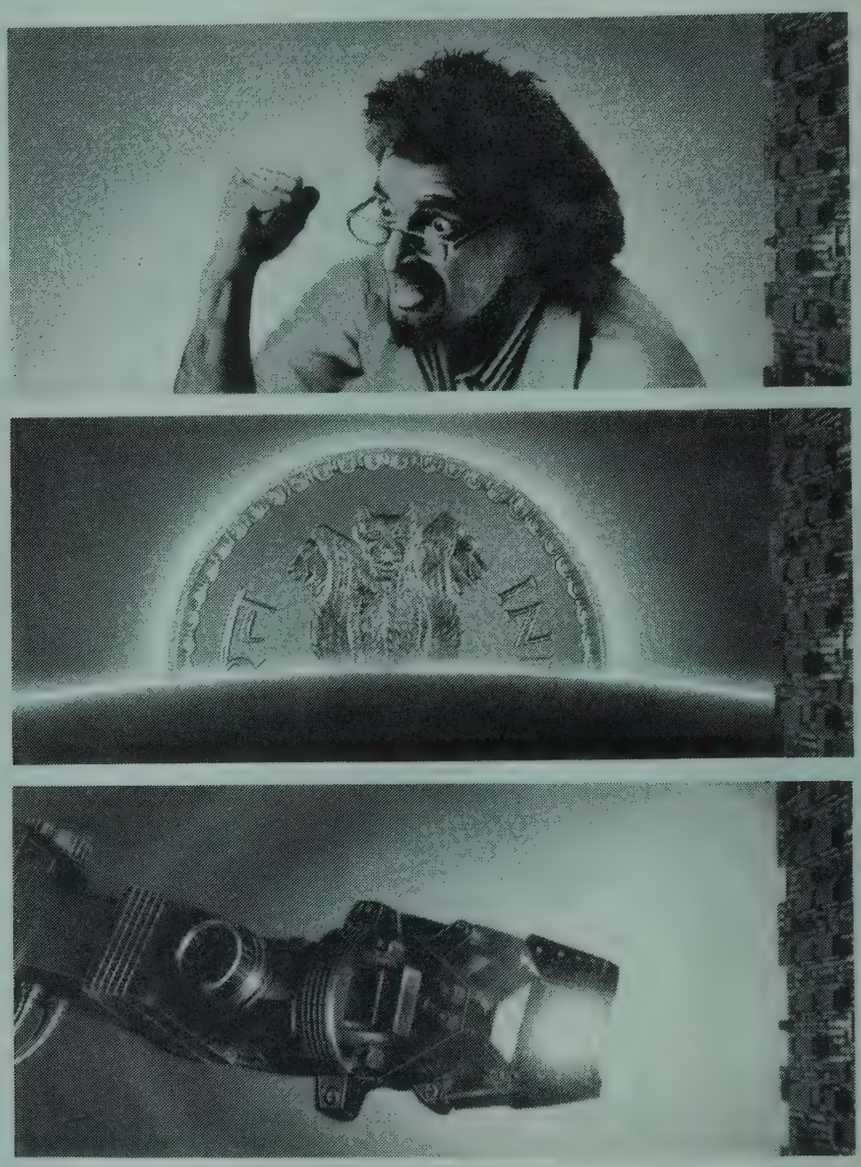
According to Dalton Fashions managing director Surendra Dalmia, "it has picked up very well since the launch in March." He, however, prefers not to call it "officewear." Says he: "It is just a modification of our casual outfits so that they suit the office-goer who likes being casual yet sober."

Besides the new range, Dalmia is also not averse to bringing down the latest Benetton ads which have been causing a furore worldwide. (Right from inception in India, Benetton has been using foreign Benetton ads; the latest ad depicts a nun kissing a priest.) If he does so, Dalmia could have controversy Indian-style on his hands.

LIJJAT'S SOAP SALLY

The Lijjat Papad people are fast moving beyond what the dictionary spells out as poppadams. First was a range of pickles, masalas and the like which was never very extensively promoted. Then came Sa-sa detergent which seems to have made some splash in pockets.

In its latest gambit, it is going the Nirma route. Following up Sa-sa is a beauty soap styled Escent. With Nirma Bath making some progress (albeit with heavy advertising support), will Escent too ascend to respectable stature?



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INSIDE

- TVSE MAKES A SPLASH
- GUEST COLUMN: SOFTWARE IMPERATIVES
- INTERVIEW: HARISH MEHTA

TVSE is going great guns.

SOARING TO THE TOP

When he took his first bow in India's nascent computer peripherals market four years ago, Gopal Srinivasan was 26 and ready to gamble. Setting up TVS Electronics (TVSE), according to Srinivasan, "was a risky proposition — we weren't even sure whether the personal computer would be a saleable commodity." Infotech industry pundits were skeptical; even when PC sales started taking off, few believed indigenously-manufactured peripherals would find buyers.



SRINIVASAN: *Peripherals emperor*

But it didn't take very long for Srinivasan's gamble to pay off. Last year saw his Bangalore-based company chalk up Rs 48.24 crore in sales, grab a 18.98% slice of the peripherals market and consolidate its status as the country's 12th largest infotech outfit.

Not bad for a company which posted a mere Rs 6.65 crore turnover in 1988-89. Although TVSE could not match the phenomenal 393.08% growth rate it achieved in 1989-90, its performance — given that last year was the industry's worst ever — remains creditable.

More so, considering that it retained a 45% share of the dot-matrix printer market, despite fierce competition. And what is more, 1990-91 also saw TVSE break even for the first time; the company notched up a gross profit of Rs 4.41 crore — even as other infotech heavyweights recorded greatly reduced bottomlines.

And, while most companies were scrambling to keep shipshape, TVSE found time, early this June, to conduct a major organisational restructuring exercise that is indicative of its strategy for the years ahead. Says Srinivasan: "There was a clear change of priorities from (those that applied in) 1987. The focus today is much more on the technology and design element." In the beginning, the company was divided into sales, research and development (R&D) and planning divisions. From this year on, the old order has been dismantled to give a high degree of focus on manufacturing. Three new business divisions — communication products, storage products and original equipment manufacturing (OEM) — have been established. A fourth, for direct marketing, is also being envisaged.

Four years ago, the company concentrated, as any startup would, on market-development, with delivery and response time being the key issues. Today, however, company officials talk of new buzzwords that befit a market leader — quality and efficiency of production.

These aspects have become important in the light of the indigenisation level the company has achieved (80%) and the resultant change in manufacturing profile. TVSE's marketing profile has changed too. In the early days, the company depended on OEM sales for a bulk of its revenues. Only 30% of its output was sold through dealers. Says vice-president V.A. Raghu: "The OEM share will come down in the future." Which is why a direct marketing division makes excellent sense.

Raghu hopes to increase the non-OEM business by at least 10% of total revenues this year. One way of achieving this is by launching products that are best suited to direct marketing and dealer sales — PC communication products and power supply systems, for instance.

TVSE's move away from the OEM business is probably a reflection of a marked downtrend in the microcomputer segment. And, anyway, as more computer manufacturers set up their own manufacturing facilities, there is likely to be a clear shift to dealer supplies.

A VIEW OF THE TVSE FACTORY: *Zippy growth*



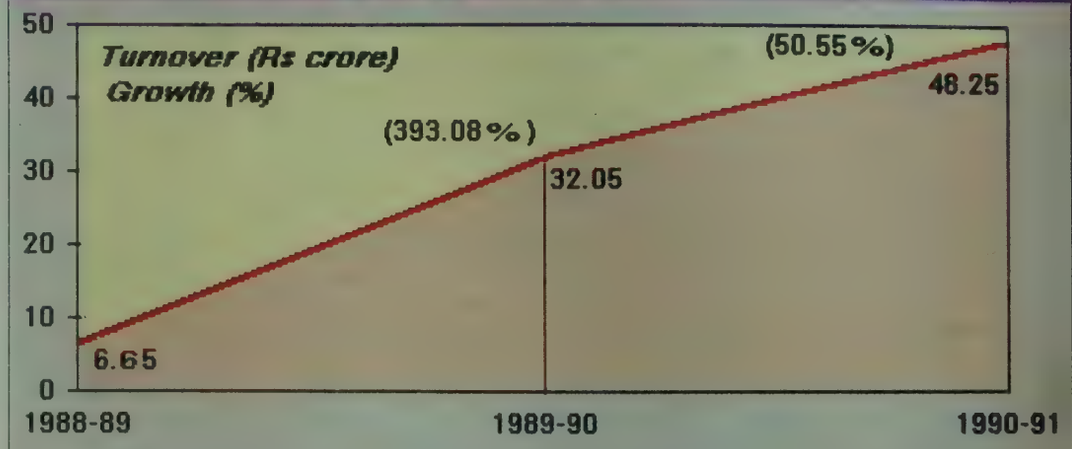
To stay ahead of the competition, the company will have to expand its products range. Says Raghu: "We want a wide variety of products which will leverage our business. We do not want to be totally dependent on one product." Last year

saw the addition of four new products in the printer, cartridge tape-drives, communication and power-supply segments. Raghu intends to add four-five models in each segment every year. Says Srinivasan: "We have to have a large basket of products to serve our customers."

Srinivasan and his vice-president are confident this strategy will take TVSE to greater heights. However, there are some possible flaws they may have overlooked. First, with such a rapid rate of product introduction, there is the possibility of failing to consolidate one product before going on to another. It's been known to happen to the best of companies; and TVSE has had a few less-than-satisfactory experiences of its own. The case of the Calligra 24 wire printer, for instance. The company was promoting so many printers simultaneously, the Calligra was drowned out. Admits Raghu: "This was one area where we did not do a good job. Today we are repositioning Calligra."

The company also had consolidation problems with some of its cartridge tape driver and power supply systems. In both cases, sales fell well short of targets. According to *Computers & Communications (C&C)*, sales of cartridge tape drives grew by only 16% in 1990-91, as against the projected 40% growth rate. In power supply products, the company actually recorded negative sales growth in the face of stiff competition from small-scale manufacturers.

TVSE: STRIDING AHEAD



Source: C & C

One necessary change that Srinivasan and Raghu have not yet effected is in TVSE's pricing strategy. In the quest for marketshare, the company has priced its products aggressively. This has worked to its advantage in the past, but as the microcomputer market stagnates, the company will have to concentrate on value of sales, rather than volume. Although Srinivasan insists "marketshare is a result, not a goal," industry observers feel TVSE is jeopardising its own future by keeping margins low. For his part, Raghu firmly believes: "We cannot be outpriced... we are planning the game carefully." According to TVSE's estimates, in terms of the number of units sold, it commands a hefty 70% marketshare in cartridge tape drives, 45% in dot matrix printers and 41% in power supply systems. But marketshare, as the HCL and Sterling Computers examples have proved, is no guarantee of a healthy bottomline. On the contrary, installing a huge base on wafer-thin margins becomes a distinct liability when it comes to support and services.

That is probably why Srinivasan intends to beef up his export thrust. If playing the volumes game leads to a further squeeze on margins, TVSE must look to foreign markets for big profits. Says Raghu: "This year, exports will have to be the vehicle of growth."

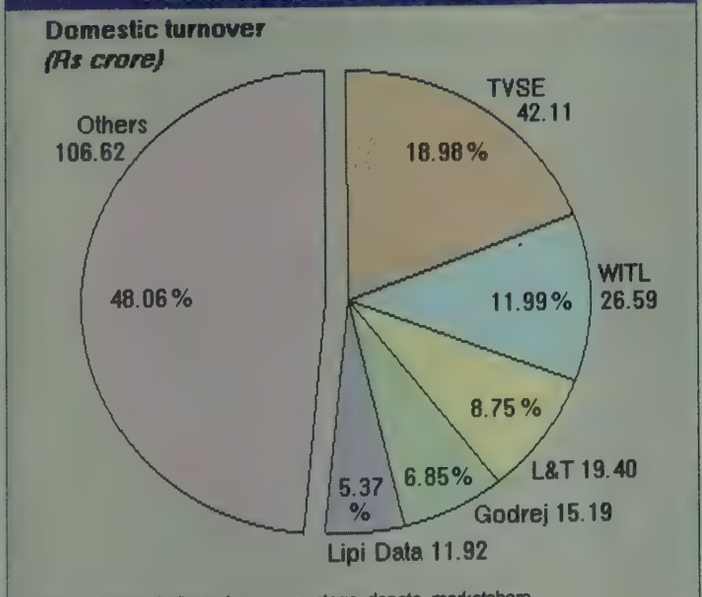
Big exports plans are already afoot. Later this year, the company will set up a new division for exports that is expected to concentrate on general currency markets. One area that TVSE should look at closely is the lower end of the international printers market, where a vacuum will be created as its Japanese collaborator, Citizen Watch, moves towards high-value segments.

While most companies are scrambling to keep ship-shape, TVSE has found time to conduct a major organisational restructuring exercise

Srinivasan has proved his mettle and silenced sceptics by taking TVSE out of nowhere into the infotech Top Twenty in just four years. The company's success has prompted industry circles to dub him "The Shiv Nadar of Peripherals." On second thoughts, given HCL's recent history, that may not be a compliment; and his rivals in the industry are probably waiting for him to live up (or is it down?) to that title.

□ George Skaria

PERIPHERALS HOTSHOTS



Note: Figures indicated as percentage denote marketshare

Source: C & C



65% of our production has been tied up for exports!

Akhil Ceramics Ltd. starts out as a winner. It has already tied up 65% of its production for exports under a buy back arrangement with Mori s.p.a. The foreign collaborators have participated in the Company's equity as well.

Akhil Ceramics' Rs.13.30 crore, 13,000 TPA ceramic tile project near Tirupathi in Andhra Pradesh employs the **Dry Grinding Technology**. This has resulted in a capital cost of Rs.10,000 per installed tonne — among the lowest in the industry. And substantially lower production costs on account of reduced fuel consumption. All leading to high profitability.

To ensure that its products conform to be highest international standard, Akhil Ceramics has procured its major plant and machinery from Mori s.p.a. of Italy.

The project is in an advanced stage of implementation. And with production expected to commence in October, 1991, Akhil Ceramics is poised for a future of growth and prosperity.

Firm Export Tie-up for 65% Production.

Major Plant & Machinery from MORI s.p.a. of Italy.

Cost Effective Dry Grinding Technology.

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A REVOLUTION IN CERAMIC TILES

"NO SLOWDOWN IN SHORT TERM"

The National Association of Software & Service Companies (Nasscom) functions as the voice of India's computer software and services industry. Ever since coming into existence in 1988, the association has been constantly knocking on the doors of power in Delhi trying to get a better deal for companies. "When we started out, the bureaucrats didn't know what software was; what a service was. The maze of regulations and levies had resulted in utter confusion. We've unravelled some of that," says Harish Mehta, a member of the core group of infotech professionals who founded Nasscom. He, however, is quick to add that, "we have a long way to go before it can be said that we've achieved our mandate of a healthy software industry."

Currently serving out a two-year term as Nasscom president, Mehta has his job cut out for him. BusinessWorld *spoke to Mehta on the impact of devaluation, the Union budget and the industrial policy on the software industry. Excerpts.*

■ On the short-term impact of devaluation.

In the short term, I don't see any slowdown in software growth. Devaluation will definitely help as India's strength is in people skills. The dollars earned will mean more in rupees. We (Nasscom) visualise that software will grow by 60% this year. On the other hand, devaluation will have an impact on foreign packaged software; it will make its import costlier. Therefore, I fear that smuggling will thrive. It will also mean that pirates will have a field day, as pirated software will be much much cheaper.

■ On how devaluation will affect the software industry in the long term.

Let me make one thing very clear: the prospects of software are directly linked to that of hardware. As it is, the hardware guys were burdened by import costs, letter of credit margins, procedural hassles. Now, devaluation has hit them another blow, making imports expensive. As infotech is an industry which is import-intensive, I expect hardware to slow down for six months to a year. If hardware takes a backseat for longer than that, we are in for unsteady times.

This is so because, if India is to be a major software force worldwide, the industry will need state-of-the-art machines to work on. The hardware guys may be unable to offer these if their own problems aren't sorted out. So, in the long term, I expect software to suffer.

Besides, there's the additional fear of visas becoming hard to get for software professionals. If Amitabh Bacchhan wants one to go to the US to perform, he gets it as he's an artiste. If an engineer wants one, he gets it as he's building something. But, software. Well, it's neither a science nor an art, it's something of both. So visas are problematic.

I fear that packaged software smuggling will thrive, post-devaluation. Besides, pirates will also have a field day



■ On whether the budget will have any impact.

We are happy that the s.80HHE benefit commitment made by ex-finance minister Madhu Dandavate has been kept by the present government. It has come as a great morale-booster. However, there is a lot of fine print. We (Nasscom) have spoken to the government on these lacunae and have been promised reliefs.

■ On whether the liberalisation of the industrial policy will result in an inflow of foreign software majors.

Doubtful, especially in the short term. After all, they've been allowed 100% ownership patterns if they're 100% export-oriented. In the long term, some foreign software houses could enter. That will happen after some MNCs — be it in food, hitech or cosmetics, or anything — enter.

■ On how India can be made attractive to foreign investment.

Well, the foreign owners of 100% EOUs could be allowed to sell some of their software (say 25%) in the domestic market.

■ On how Indian infotech companies can use the present opportunities to their advantage.

Post-liberalisation, businessmen are floating around thanks to four very important economic parameters which are floating. These are: inflation, bank interest rates, the exchange rate and the rep or exim scrip premium. In this scenario, you have to step very carefully. It will, however, stabilise in time. For the long term, joint ventures, strategic alliances and equity arrangements is what software houses can work on. The new buzzword in infotech is likely to be "co-option" — you cooperate and compete.

Besides, at another level, they (software houses) should work on developing products and marketing them at niches. And then, of course, they will have to focus on adding value to their work.

SOFTWARE IMPERATIVES



A successful software package can be a real money-spinner, but selling it abroad needs a hands-on exposure to international markets

People far more knowledgeable about international markets than I have predicted that revenues from software will overtake those from petroleum by the end of this century. In other words, in the year 2000, the world will spend more money on software than it does on oil. In another two decades, the term "petrodollars" will be passe. *Softwaredollars* doesn't sound very catchy, but I'm sure those who make it their business to coin buzzwords will come up with a better substitute before too long.

And who will be the software sheikhs of the new millenium? As I've said in this column earlier, India has what it takes. Except two very important attributes — foresight and courage. Those, a lot of people have told me, will come in due course. And I'm inclined to agree. The more exposure our software houses have to world markets, the more they'll learn about how to get ahead. The trouble is there may not be enough time to educate ourselves at our own pace. Let it not be said that our software houses aren't trying hard enough. They are. The industry has grown faster than any other over the past few years. Unfortunately, we cannot afford the luxury of judging that pace of growth by Indian standards.

So let's take a look at where we're going wrong and what we should do about it. In my last piece, I discussed body-shopping and just how silly it is to imagine that this alone will make us software world leaders. As we go along, we'll consider other export strategies, their pros and cons. But first, a low-down on the Indian software market.

When the chief executive of an Indian software outfit approaches a potential foreign client for an order, one of the first questions he is asked is: What have you done at home? The answer, unfortunately and inevitably is: "Er...well...I mean...uh...not much, really, but..." By that time, the client has already stopped listening. And I don't blame him; I wouldn't buy an American car that is ignored by Americans, so why should anybody buy Indian software that finds few takers at home?

True, software houses do earn more from exports than the domestic market. But that, as we have seen, is primarily because of body-shopping. I firmly believe that unless the domestic software industry is strong, we cannot become major players internationally. For this we need a relook at our education and training systems, our programming standards, our quality assurance procedures, our documentation methods, project control skills and mechanisms and the productivity tools we use. And, of course, we've got to battle with hordes of software pirates.

So now on to exports. The biggest problem here is that we simply don't think big enough. The biggest chunk of our software export revenues comes from a number of small, often garage-scale, companies. Each of these has a few whizkids on its rolls and is satisfied with export orders worth a few lakh rupees a year.

By nature, due to its size, a small company will shy away from major contracts.

What we need, therefore, is a consortium approach. There is no need for Indian companies to fight each other for small scraps. The cake is so large, each one can have a huge slice; and there will still be a lot left over. The consortium could target specific market segments or geographical locations. This, apart from increasing the volume of expectation, will enable good prospecting and pooling of hardware and software resources. In other words, a consortium would have infinitely more clout.

And what avenues can such a consortium explore? To my mind, there are four;

(a) **Package software**

This could be a language, a compiler, a utility or a productivity tool. Look at the international market and you'll find companies that have raked up hundreds of millions of dollars in revenues from a single package — be it an operating system (Microsoft, with DOS), a spreadsheet (Lotus, with 1-2-3), a word processor (WordPerfect Corp, with WordPerfect), or a database (Ashton Tate, with dBase).

But wait; the package business isn't a piece of cake. Our consortium will first have to identify a product gap (that is, an area that is not adequately serviced by existing packages), which won't be easy. Finding such an area, and designing the product specifications, would be impossible without hands-on exposure to international markets. And that, very few Indian companies have.

Then comes the question of marketing a package. Marketing costs in the US and Europe are astronomical by Indian standards. Even if a consortium were to pool its foreign exchange resources, it would probably fall short of the required cash to advertise and promote its package. And let's not talk about the RBI and red tape.

The solution is to find a foreign partner who can participate in product definition and niche identification — and, more importantly, take on much of the marketing and distribution responsibilities. If we can find such a partner, great. The multiplier effect of package sales makes this business very attractive indeed. With regular, planned updates, a package can be-

come a perpetual cash cow. But if we can't find a good partner, we should stay out of packages.

Warning : The hit-rate in the package business is very low. We'll have to work on a number of products at the same time, and pray that one clicks.

(b) **Conversion**

Now that proprietary operating systems are giving way to standard operation systems, the scope for conversion — either one-to-one or with improvements — is vast. Conversion jobs aren't frightfully exciting and do not call for very high level skills. But it pays good money. Since such jobs involve little more than conversion of running documented software, they can be brought to India and executed here. That way, an appropriate skills-mix can be employed for executing the project and the cost is very low. Mind you, this market segment is shrinking every day, so it can't be a basis for long-term growth. But going the conversion route could be an excellent mid-term strategy.

(c) **Specific software**

For the long run, we'll have to get into designing specific software for customers. This could be MIS, communication or software to drive the customer's products and systems. This is a segment where end-benefit is the sole criteria; customers are willing to pay huge sums, provided they get good value for money. This is where the big margins are.

Developing specific software involves interaction with the user-to-be which is difficult to manage from India. Hence most firms are reluctant to use Indian companies for offshore development. The margins and foreign exchange earnings on such jobs are highest if they (or at least large portions) are done in India. Both from the current RBI rules and the customers' point of view, it is easiest to place a team of Indian professionals in the customer's premises to do the project. That way, the customer feels comfortable, and time and effort are not wasted in trying to convince the RBI to release exchange. In my view, we must work towards a situation where a design/analyst team (our own, or a partner's) can interact with the customer on site, understand his needs and pass on the specifications to developers in India. The developers can then execute the project and deliver the final tested programmes to the team at the customer's premises for parallel run, implementation and bug fixing. With the increasing availability of satellite links this should be possible. However, this calls for a change in the existing systems and rules. The best thing about specific software development in this fashion is that it will enable us to retain our best men and earn foreign exchange as well.

(d) **Niche marketing**

The most difficult, but least competitive, market segments are the niches. It takes a lot of work to identify a niche, build up expertise in that particular area and then devise the necessary software. On the other hand, since the target audience is identified, marketing costs are low and competition is not very strong.

The key to success lies in the identification of the niche. Here, again, a foreign partner can be useful.

None of the strategies we've discussed so far will ever work if we don't pay careful attention to our greatest asset — our software whiz-kids.



PACKAGES: *High risk, but high returns*

Software companies must plough back a good part of their earnings into training and manpower development. That shouldn't be too difficult; after all, this is one industry where there is hardly any capital investment. Money is spent on brain power, not plant and machinery. To catch up with the world, the skill and knowledge base of our workers must be constantly updated. Money and effort must be spent on things like the design and production of the documentation (which many of us tend to write off as unimportant), the use of the latest productivity tools and databases.

Our computer training institutes churn out programmers by the hundreds, but we have no training programmes for creating project managers. This, to my mind, is a critical lacuna. We cannot hope to become world leaders in software if we don't have good project managers.

Handling offshore projects would also be difficult without highly-effective information/review mechanisms. A lot of our boys consider weekly status reports, periodic activity updates and the like boring, trivial stuff. The discipline required for such "paper-work" must be enforced.

Today, we've reached a stage where we don't have to go out and tell the world: "India can deliver good software." That much, the world knows. Now's the time to cash in on that.

□ Veer Sagar

The author is chief executive of DCM Data Products.

The four avenues a consortium could explore are package software, conversion, specific software and niche marketing

POWER & THE PC

Nobody's come out with a comprehensive survey on computer usage as yet. Still, we'll stick our necks out to wager that 80% of those who've got PCs in their offices don't venture beyond simple word-processing. Most of the rest dabble in elementary spreadsheets and databases. We'll bet, too, that 90% of the PCs that sit atop executives' tables across the country are in actual use for less than 10 hours an average work-week — unless, of course, you count the time spent on Pacman and assorted computer games!

Computers frighten people. We won't go into the reasons here; there are far too many. Today's professionals have learned to live with PCs, but only to the extent that the sleek machines form part of the office decor. The typical executive is still a long way from accepting his PC as a tool that can increase his productivity. Physically, he may be only inches away from his machine, but the distance between them is unfathomable.

PC Primer represents our attempt at bridging that gap. We're convinced that Indian industry won't come up to international standards until its executives begin to exploit their PCs to full capacity. So we'll tell you how to go about it, step by step. But before that, the first few articles in this series will deal with general PC-related matters that we feel you should look into.

Our experts will be happy to answer any questions/doubts that bother you, so feel free to write in.

Power, if you're prepared to believe your friendly neighbourhood computer salesman, flows from the megabytes of a souped-up hard disk. I haven't yet come across a member of this unique species who doesn't insist that the fastest, most powerful machine available is what I *must* have — my budget permitting, of course — on my table.

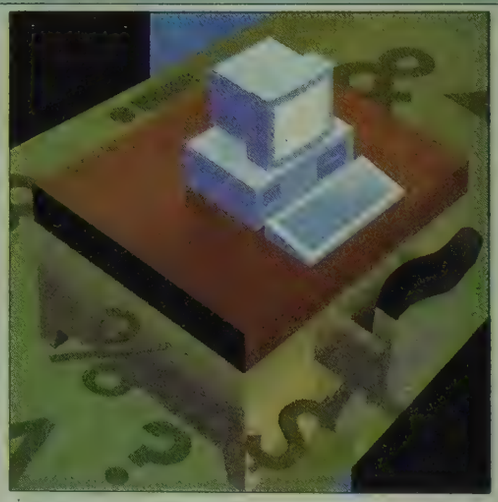
It's a pretty convincing pitch, the way they tell it, and thousands of people have been convinced — never mind that the most powerful machine in the market is also almost always the most expensive. I've seen a lot of people buy high-powered systems and use them solely for word processing. That's like hiring Albert Einstein to prepare your six-year-old son for a weekly maths test. But then again, a lot of others have bought basic PCs, only to realise, a year later, that they need much more powerful machines to handle their workload. Can you imagine Einstein employing your six-year-old to help him work out the theory of relativity?

What really is this "power" that these sales chaps can't seem to stop talking about? How relevant is it to us users? How much of it do we actually need? How do we go about evaluating it?

To find an answer to these questions, you'll first have to *decide what you want your PC to do.* Most of us want our machines to handle the following:

■ *Store all information that is relevant to our work.* This may include:

□ **Data:** (i) Our clients, their businesses, the commitments we make to them, the correspondence we have with them, the presentations and reports we generate for them and so on; (ii) Our business, the commitments we make internally to our organisations, the status of money owed to us, the money we owe, sales we have committed, the procurement we need to make, the finance we need to organise and so on, depending on what we do; (iii) Personal time management, that is, the people we need to meet, the presentations we need to make, the schedules that people who work for us need to keep and other similar activities; (iv) The analysis of our business, and clients' businesses, where it is pertinent, and the reports that we generate to form a basis for meaningful decisions.



□ **Software:** (i) The conditions based on which we need to do this analysis; (ii) The instructions necessary to get the machine to give us the information based on the data we have.

■ *Process data, based on conditions we specify and generate the pertinent information.*

■ *Provide facilities for communication to the extent that it contributes to efficiency.* I have heard too many people (even in a single-floor office) flogging the virtues of electronic mail where it might be easier to just walk across and fix up an appointment or leave a note for a colleague.

■ *Provide meaningful service to us as long as it is feasible.* I would love to be more specific but one can't while talking of obsolescence in computers.

The salesman will inevitably wax eloquent on such "key questions" as Intel 80286 vs 80386 (or have we graduated to 80486?), Eisa vs a standard PC bus, MS-DOS vs OS 2, so on and so forth, till you're so confused that you'll buy just about anything he throws at you.

The first thing you should know about is processing power. This is the power with which, and therefore the speed at which, the machine can process a given job and deliver the information needed. This depends on the speed at which the central processing unit (CPU, which houses the chips) processes data, the speed at which the data is made available from where it is stored and the speed at which it is carried to the processing unit. It is in this context that salesmen talk about CPU power (80286, 386 and so on), the clock speed (80386 at 16 MHz vs at 25 MHz) and the disk access speed (40 nano secs — ns — vs 24 ns). If you're particularly hard to please (or confuse), they'll go on to discuss buffer memory hit rates (chances that the data next required for processing has already been accessed from the storage device and kept wait-

ing outside the CPU's door, so to speak) and access logic (if data is required from cubicles 1, 5 and 3 in that order, would the machine access it in that order or would it be sensible to call on 1, 3 and 5 in that order and save the extra walk?).

To find out how much of CPU power you need, you must first look at how much of actual processing work you have. Do you need to process large spreadsheets, where you want to see how specific changes in figures affect a range of other figures? Do you need to process them once a month or thrice a day? Are we talking of a few hundred numbers or many thousand? The same questions hold for the processing of information for specific conditions. Do you create documents and feed in data; rarely actually process the data? If that is the case, then I would tend to think the difference between capabilities of processing one million instructions per second and two and a half million instructions per second (1 Mips and 2.5 Mips) is nil. Even if you have to wait for 40 extra seconds once a week, it should not cause an unbearable loss of productivity.

It makes more sense to look into processing power in a multi-user environment when you wish to share this power or at least retain capacity to share it with more people simultaneously. But for reasons ranging from costs and needs to lack of familiarity with complex computing environments, more than 80% of these PCs spend a detached life-time. Then, the only pertinent question is: can these machines be maintained for the full length of their existence? That is, if Intel decides to phase out production of the 8088 CPU (on which the PC-XTs are based), would these machines continue to be maintained by vendors? The next concern is the power to store the information we want to and keep all relevant information live. Storage capacity is measured in bytes (one character is a byte), kilobytes (1 KB = 1,000 bytes), megabytes (1 MB = 100 KB) and, if you want to talk big, gigabytes (1 GB = 1,000 MB). An A4 size page normally takes around 2 KB of storage space. The two most popular storage devices used are Winchester disks/hard disks, which sit inside the machine, and floppy disks, which are removable.

Winchester disks are powered all the time that the machine is on, and all data on them are accessible at random. Therefore, the data and the software you use frequently should be available on the hard disk.

The lowest hard disk capacity available is 20 MB. Such a disk allows you to store around 8,000 pages of information accessible at any point in time. This, in itself, should suffice for most PC environments. In the event that it does not, 40 MB and 80 MB disks are available. But we also need to bear in mind the fact that previous versions (prior to version 4.01) of MS-DOS can address only a maximum of 64 MB of disk space.

Good storage space management depends on efficient archival methods that we devise for ourselves. Whatever data is not likely to be needed currently is best stored in floppy disks and put away. What is unnecessary should be wiped out altogether. The most common floppy drives available are the five-and-a-quarter inch drives (with a capacity of 360 KB or 1.2 MB) and three-and-a-half inch drives (with a capacity of 720 KB or 1.44 MB).



While choosing the drive, one needs to take into consideration compatibility with other machines with which we are likely to share data. Disk management is often underrated; and, as a result, most users keep their floppies cluttered with useless data/software.

Since computerisation, even at the PC level, is still a fairly expensive proposition, you'll have to think of the long-term viability of your purchases. More to the point, you'll have to ask yourself whether the power of machines you buy today will be adequate, say, five years down the line. If not, can you add power as and when you need, to store more data, more software and to increase printing speeds?

And there's the matter of compatibility and connectivity. We'll look into these in depth later in this series. Suffice to say, at this point, that it is worthwhile to ensure that your machines can be connected to other such machines in a network (to be able to share information and resources like printers and storage space) and that the application is compatible so that it can be shifted to a different type of machine if need be.

□ S. Prabhakar
The author is a senior research planner at Ogilvy & Mather.

THE LEXICON

A glossary of infotech acronyms, words and phrases that go over the heads of everybody outside — and quite a few inside — the world of computers.

Memory: Space within a computer system where data and software can be stored.

RAM: Random access memory. Memory that allows you to access any information stored, in any order.

ROM: Read Only Memory. A memory that only allows you to read data stored at the time of manufacture. You cannot add data to a ROM.

PROM: Programmable Read Only Memory. A memory IC that can be programmed by the user.

EPROM: Erasable Programmable Read Only Memory.

Cache Memory: A section of the memory that stores information your computer can access faster than the rest. You can save a lot of time by storing data you need frequently in the cache memory. Cache hi-speed RAM is used with powerful CPUs to ensure low waiting time.

TCS has multinational ambitions.

OUTWARD HO!

By December 1992, Tata Consultancy Services (TCS) will have become India's first home-grown multinational corporation (MNC), in the truest sense of that term. The country's top software outfit plans to set up subsidiary companies in Germany, France, Denmark and Switzerland, in that order, over the next 16 months.

Explains vice-president Nirmal Jain: "We're convinced that customers in Europe will want to deal with software companies in their respective countries — even after Fortress Europe comes into force." TCS has marketing offices in each of the countries mentioned above; these will be converted into corporate entities. At a considerable cost, of course. But Jain won't talk figures; he, however, is confident that "the business potential justifies the expense." Each of the new companies will bear the TCS name, hyphenated with the country of its operations — TCS-Germany, TCS-France and so on.



■ **JAIN:** *Pushing for a European presence*

■ **SAHNI:** *Keen on Japan*



Last year, exports to Europe accounted for 40% of TCS' exports. Some of that was handled by the Holland-based Arnag Tata. This company will continue to act as TCS' marketing arm in Holland and Belgium.

The edge. The presence of so many group companies on the continent should keep TCS out of the ambit of various restrictions that are likely to be enforced when the European Community nations join hands next year. Companies that have no corporate presence in Europe will find it hard to go around the barriers that are expected to be placed in the way of exports to the continent.

TCS-Switzerland, TCS-Denmark et al will scour their respective home markets for business; but a lot of the actual software development will be done at the mother-company's centres in India.

And Jain's global ambitions aren't restricted to Europe alone. TCS has marketing offices in Tokyo, Sydney, Singapore and Hongkong, each of which will be turned into a corporate entity at a later stage. How much later, Jain won't say.

Vice-president Yash P. Sahni is particularly keen on the Japanese market — the second biggest in the world. Only 10% of TCS' export revenues came from Japan last year, but the company is working hard to bring in more yen. For starters, it is putting some of its ace software people through an intensive course in the complex, 2,000-character Kanji script. In the meanwhile, it is aggressively soliciting what work can be done in English.

TCS-Japan will be established when business begins to pick up. Says Sahni: "The local laws are such, we can get into major projects only if we have an entity in Japan."

TCS won't be the first Indian infotech company to set up a corporate outpost abroad; HCL and, more recently, ICIM (International Computers Indian Manufacture) have done as much in the US. But one subsidiary doesn't make an MNC.

A new virus-buster hits the market.

ON THE ALERT

Neville Bulsara, touted as India's top virus-buster, has a new weapon. The 24-year-old Bombayite has come up with a "defence system" that, he believes, will keep personal computers safe from the 800-odd known viruses — and also some unknown.

The package, called RedAlert, is claimed to be virus-independent. Most vaccines act against known viruses but are powerless against those they cannot 'recognise.' Given the rate at which new viruses are developed (conservative estimate: one a day) all over the world, and the increasing frequency at which they show up in India, such packages are severely handicapped.

Bulsara says his product, the fruit of two-and-a-half years of

development work, is an "insurance against viruses to come." A four-layer defence mechanism acts as a prevention as well as a cure.

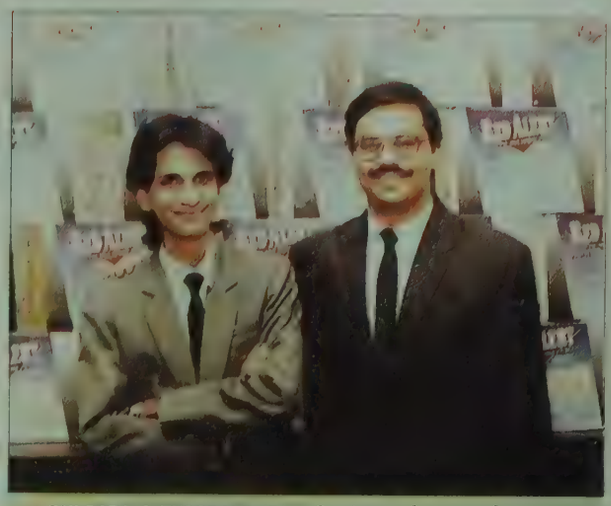
It also boasts of the world's fastest checksummer, running at a speed of 58 files per second on an i336-based machine. Says Bulsara: "There's nothing like this anywhere in the world."

Bulsara shot into prominence in 1988, when he became the fist Indian to write an antidote for the *Pakistani Brain* virus. He has helped a number of companies "clean up" their computer systems.

Expensive vaccine. RedAlert will be marketed by Comsoft Services, a Bombay-based firm. At Rs 4,500 a piece, it is rather expensive for a vaccine. Comsoft is aiming the product at bulk-buyers (volume-discounts are more attractive) and is hoping to find at least 1,000 institutional customers by the end of the first year. Says Bulsara: "There's plenty of scope... so many companies lose vital data, time and money because of viruses."

Needless to say, he is looking at export opportunities as well. Says Comsoft's Peter Theobald: "We'll concentrate on the domestic market for the first six months, build up a base and then attack the world."

In preparation, the company has already put considerable effort into the designing of the product packaging, an area Indian software houses tend to ignore. Says Theobald: "If we're going to sell this abroad, we'll be competing for visibility on the shelves of software shops. So we've come up with packaging that holds its own in the company of dBase, Lotus and Wordstar."



■ **BULSARA & THEOBALD (R):** *Seeing plenty of scope*

The package includes a video cassette that explains the use of RedAlert and a book entitled *War on Virus*. Bulsara and Theobald are hoping that RedAlert will play a major role in helping computer-users win that war.

RDH Technologies is more optimistic this year.

MAKING AN IMPRESSION

Establishing an import-substitution product in the infotech market isn't easy, as Hirak Roy and Debu Chaudhuri learnt, at some cost, last year. The technocrats-turned-entrepreneurs saw RDH Technologies, their Calcutta-based electronic typewriter ribbon (or "pancake") company, fall well short of the Rs 1 croré sales target they had set for the first year of operations.

In addition to legitimate imports, Roy and Chaudhuri found themselves in competition with dirt-cheap smuggled ribbons. Says Chaudhuri: "We had an internationally-accepted quality, but that was not enough to secure a good share of the market. First, we had to persuade customers to get over their psychological hang-ups about indigenous products not being at par with imports." Not surprisingly, the duo was able to utilise only 45% of their unit's 7.2 lakh units-per-anum capacity. This, in turn, kept production costs high — a vicious circle.

But there was a silver lining at the end of the year. Despite low sales (Rs 58 lakh), RDH managed to keep its bottomline in the black — doubtless to the delight of the West Bengal Industrial Development Corp, which has more than its share of basket cases in its investment portfolio.

■ **ROY & CHAUDHURI (R):** *In an upbeat mood*



Upping targets. Roy and Chaudhuri are more optimistic about their prospects for this year. For a start, they hope to push the unit to full capacity and increase revenues to Rs 3.5 crore. Then they intend to instal balancing machinery to raise capacity further. Their sales target for next year is Rs 6 crore.

The recent devaluation brought them good news and bad news. On the one hand, the prices of imported pancakes have soared. On the other, the rupee cost of plastic film — the basic raw material — has gone up.

Nonetheless, Roy and Chaudhuri are upbeat. The company manufactures a whole range of electronic typewriter ribbons, from 6.7 mm width to 16.5 mm width. It has been able to make a breakthrough in the manufacture of ribbons used for deletion of errors. The duo can already hear the cash registers ringing.

NEWS BRIEFS

■ Our own EEPZs (electronics export processing zones) haven't quite set the infotech world on fire, but that doesn't mean there's anything wrong with the theory of hitech parks.

The Australian government plans to put it into practice in the form of a "Multi-Function Polis" (**MFP**) in Adelaide, and attract plenty of foreign investment in the bargain.

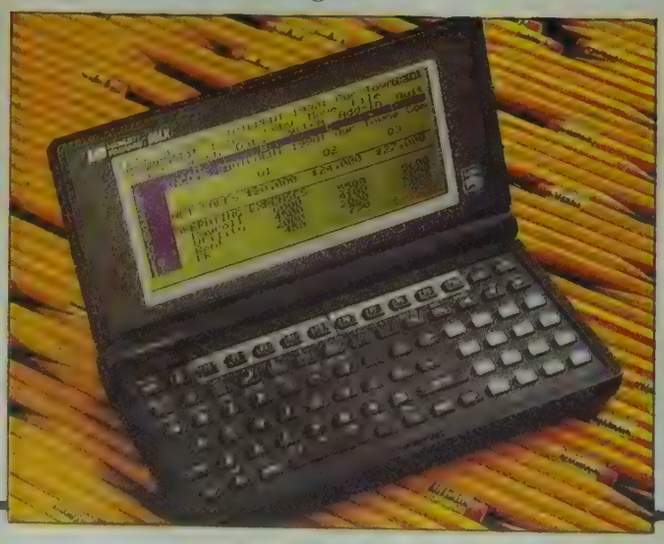
The Aussies hope the investment will be directed at three core industries: information technology and telecommunications, education and environmental management. The MFP project has been allocated A$12 million for start-up and promotional activities. Considering how many Indian infotech companies look at kangaroo country as a high-potential export market, don't be surprised if some of them set up shop in the Adelaide enclave.

■ The Bush administration has suspended the 100% duties on **Japanese laptops** as a concession to that country for agreeing to a new bilateral semiconductor accord. And US computer-makers are bracing themselves for the Japanese onslaught. The potential entrants to the US include **Fujitsu, Kyocera, Casio Computer** and even some Japanese steel producers who're diversifying into electronics.

This fresh challenge could further burden the US computer industry as it tries to recover from the worst recession in history. The Japanese are already world leaders in laptops, holding more than half the international market.

■ The nineties will see the PC-men play according to *International BusinessWeek*. **PC technology** will be everywhere — in desktops, laptops, palmtops, and according to pundits, even in all sorts of consumer items. PCs with user-friendly software will even make it possible for us to programme VCRs; or send and receive facsimiles.

A PALMTOP: *A common sight in the nineties*



■ **Sony** and **Apple** are at it again. Under the terms of a new agreement between the two, the Japanese electronics giant will manufacture computers for America's second-largest PC-maker.

Apple chief John Sculley has made no secret of his plans to increase his company's presence in the PC market by taking advantage of Sony's legendary skills in miniaturisation and mass manufacturing. Sony will manufacture the computers on an original equipment manufacturer (OEM) basis. The products will be marketed under the Apple brandname.

The agreement expands on an existing business relationship in which Sony manufactures computer peripherals for the US PC-maker. The two had earlier joined hands to develop the three-and-a-half-inch diskette, which is already on its way to replacing the older five-and-a-quarter-inch floppy as an international industry standard. If the new deal proves anywhere near as successful, PC manufacturers all over the world will have a lot of worry coming their way.

■ Product development is one of the key areas in which **IBM** is often criticised for being too slow. In an attempt to speed up, Big Blue recently surprised the industry by realigning its senior management structure. The move appears to elevate the importance of IBM's PC and workstation operations which were hitherto under the direct control of the corporation's president. The company has sliced off a layer in its reporting structure; now all but one of its product-development groups report directly to the five-man management committee that runs IBM.

■ Two Japanese companies, Tadahiro Sekimoto's **NEC** and **Omron**, have tied up to produce software with which engineers can design "fuzzy logic" semiconductors (used to control home appliances, office equipment and automobiles) up to 50% faster than currently possible.

Fuzzy logic controllers are not as fuzzy as they sound. They mimic functions of the human brain by adjusting to slight variations in the working environment. According to NEC senior vice-president & director Hajime Sasaki, about 30% of the company's planned 1992 production of 160 million four-bit microprocessors (the world's most commonly-used chips) will be programmed using fuzzy logic.



SEKIMOTO: *Fuzzy fever*

■ Traditional computer stores were thought to be on the verge of extinction, what with competition from computer "superstores" and mail-order houses. However, a **Gallup** poll commissioned by The Microcomputer Industry Association found that 75% of small businesses bought computers and software from a dealer or value-added reseller. The survey drew responses from 500 companies with annual revenues of $1-20 million.

TIEUPS

■ **Uptron** — the Lucknow-based public sector electronics giant — has added a marketing tieup with **Contech India** — the Gandhinagar-based process control systems manufacturer — to its information technology operations. Under the agreement, Uptron will market Contech's indigenously-developed computer-based systems in northern, central and eastern India. The systems are claimed to be economical and capable of performing close-loop control as well as data acquisition functions.

Both of Contech's main products — Plant assistant and Optima — boast of open software architecture and come with IBM-compatible hardware. The company has developed systems for various industries, including chemicals, pharmaceuticals, petrochemicals, cement, paper, textiles, and rayon. **Contact**: Your nearest Uptron office, or Contech India, GIDC Electronics Estate, Gandhinagar 382 016. Phone: 23324, 23328. Fax: 468270. Telex: 3202 CIPL IN.

■ Delhi-based **Cal Systems** (Cals) is to set up a joint venture (JV) in the Soviet Union in partnership with **NPO Autograph** — a computer manufacturer under the ministry of instrumentation and controls. The JV styled Calor-is will focus on the manufacture of systems, peripherals and local area network systems. It will have an equity capital of Rs 4.35 crore which will be shared equally between the two partners. The investment in Calor-is is planned over two-three phases, as is the indigenisation of the venture in the USSR. Says Cals managing director S.K. Goorha: "We have a wide and long working relationship with the USSR. That should see us through."

LAUNCHES

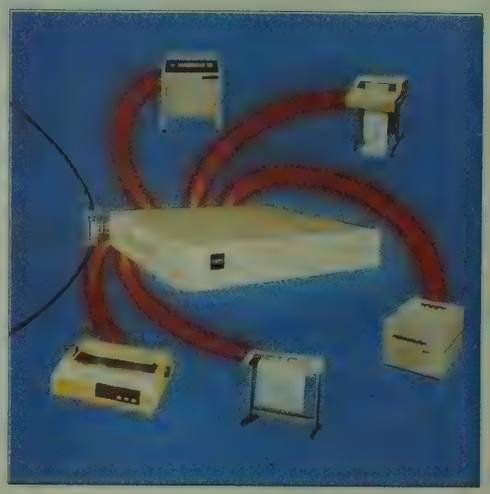
■ **Apple Industries** is introducing what is claimed to be the first software engineering course in the country.

The three-year Masters in software engineering programme takes an engineering-like approach to software development, involving systematic application of the latest tools and techniques. The course is targeted at college students as well as software development professionals. An engineering or science background is not essential. A modular design enables students to undertake the course simultaneously with their graduate education (or current employment).

Students will qualify for entry-level jobs at the end of the second of the six semesters. **Contact**: Your nearest Apple training school.

■ Local area network (Lan) leader **Zenith Computers** continues to expand frontiers in Indian networking. The Bombay-based pioneer has launched yet another Lan product — the Print-n-Plot Server.

The sleek device handles printing and plotting jobs on a Lan, leaving



the main file server free to tackle more important work. The Print-n-Plot server can support eight file servers and 32 queues. It comes with five parallel ports, two of which can be used as serial ports even as the other three remain parallel.

The company claims its product enhances the productivity of NetWare 286 and NetWare 386 users. Needless to say, it is fully compatible with all of Novell's hardware and software products. **Contact**: Zenith Computers, 29 MIDC Marol, Andheri (E), Bombay 400 093. Phone: 6362085/4724. Fax: 6364859. Telex: 11 79386.

■ **Godrej & Boyce** has launched a high-quality nylon fabric ribbon for its 900 Series dot-matrix printers. The ribbon can also be used in the Epson/Wipro FX 100/105 and MX 100/105 machines, as well as the Citizen/TVSE MSP 45/55 and other imported 132-column printers.

In addition to consistent quality (in fabric and ink) and longer life (at least 3 million characters), the extra-long ribbon is claimed to offer more protection to printheads. **Contact**: Your nearest Godrej & Boyce dealer, or Godrej & Boyce Mfg Co, EBE Service Dept, Plant 6, Pirojshanagar, Vikhroli, Bombay 400 079. Phone : 5171166/77.

HAPPENINGS

■ **DCM Data Products** has announced its commitment to a non-proprietary standards-based computing environment called ACE. The environment includes two powerful operating systems and two open computer hardware platforms, setting the foundation for a new class of advanced computing systems. The ACE initiative includes a unified Unix system (open desktop) from Santa Cruz Operation, an advanced operating system OS/2 3.0 from Microsoft, full support for X86-based industry standard PCs and a new standard specification for MIPS' reduced instruction set computing microprocessor-based computers.

Other members of the ACE initiative include DEC, CDC, Microsoft, SCO, MIPS, NEC and Wang.

■ Bombay-based **Priya Electronics** has been appointed **Intel's** second distributor in India. The American microprocessor giant already has a distributor in Bangalore's Mitel Technology (formerly known as Micronic Devices).

Intel's country manager (India) Vikram Modak hopes "both the (distributors) will compete with each other and operate in conjunction with Intel's warehousing and order-processing facilities in Singapore."

Sales of Intel chips in India rose 78% in 1989-90 and a further 72% in the first half of 1990-91. However, Modak refuses to quantify the sales in dollar terms.



N.D. Prabhu
Chairman

Excerpts from the speech delivered by the Chairman, Sri. N.D. Prabhu, at the Fourth Annual General Meeting held on 24th July 1991 at Bangalore.

The year that has gone by has been an eventful one. We have seen events both good and bad, in either case affecting and influencing the economic, political and social fabric not only of our country but of the comity of nations globally.

Efficiency of investment and building-up a responsive and responsible management and developing entrepreneurship must be the watchword from now on backed by a strong political will and a commitment to progress.

The escalated gulf war, the drop in oil production, social and political strife and the re-thinking on the synthetic economic and political doctrines so assiduously pursued by a few nations over the past decades have all contributed in a great measure to the change in the economic structure, the social order and the political equations the world over.

THE ECONOMIC ENVIRONMENT AND THE EMERGING TRENDS:

The last few years have witnessed a policy re-orientation towards economic deregulation and liberalisation, manifested by the industrial and the international trade policies. These are only the beginning, as it were, of a process towards a market oriented economy with lesser governmental intervention in the entrepreneurial endeavours. This is a welcome feature, no matter what the economic compulsions are. Efficiency of investment and building-up a responsive and responsible management and developing entrepreneurship must be the watchword from now on backed by a strong political will and a commitment to progress.

The policy-framers have a difficult task ahead; a vast population to care for and an aspiring people looking up to the planners for improving their lives in an economy that is slowing down and a social order permeate with inequalities.

The problems are too many. The rise in population of 23.50% during the decade which is almost the same as the previous decade, a 12% annual rate of inflation, almost 10% annual production loss in an investment of Rupees one hundred thousand crores in Government sector, due to capacity under-utilisation, fiscal deficits of 8.3% of GDP, an external debt position of one hundred thousand crores of rupees, deceleration in the growth of export trade, a widening trade gap, an acute Balance of Payment position - the list is endless and the situation grim.

CANBANK

(Wholly owned by Canara Bank)

Regd. Office: Cunningha

In an effort to solve the long and short term problems of the economy, t Government has started initiating certain measures.

The need of the hour is an agenda for growth and the priority should be for elimination of avoidable and unnecessary controls and make room for free play for all the factors of production and move away from the present protective environment in industry and trade.

These measures are inevitable. The problems require quick and radic solutions. The Government has initiated the first of these by adjusting the val of Rupee and by introducing the concept of Exim scrips, scrapped CCS a pegged imports.

The need of the hour is an agenda for growth and the priority should be elimination of avoidable and unnecessary controls and make room for free pl for all the factors of production and move away from the present protecti environment in industry and trade.

The cost of seperating India from the global economy has been high. C exports are unable to stand upto international competition either in quality cost. Protected financial markets have made available finance at a cheap co atrophying the finance function in many organisations.

The transformations taking place globally in general and the East Europe block in particular towards financial, economic and social liberalisation are significance to every other nation. We, in India, have been having a mix economy. In the Indian context, therefore, any structural re-orientation in t economy would be far more easier, effective and faster when compared other nations.

The emerging scenario will call for perfectionist and pragmatic policies - economically sound, socially beneficial and politically skilful.

In the Indian context, the transformations would mean opportunitie entrepreneurship, massive production of goods and services and an explosion the financial and investment sector. The years ahead pose tremendo opportunities as well as challenges. All the same, the demands on the financ services sector will be great. Those who are possessed of competiti advantage and an attribute of product differentiation will certainly have a w situation and the future is full of promises.

Indications suggest that the Eighth plan is bound to give a complete orientation to our economic policies and priorities. The emerging scenario w call for perfectionist and pragmatic policies - economically sound, socia beneficial and politically skilful - all aimed at greater efforts directed towar mobilising savings and employment of capital more efficiently and in grea measure.

THE CAPITAL MARKET AND FINANCIAL SERVICE SCENARIO:

The primary capital market was somewhat subdued marked by lower number capital issues and lesser quantum of resources mobilised.

This is understandable considering the fact that the year witnessed upheava on all fronts - an unprecedented foreign exchange crisis arising principally out oil imports, virtual drying-up of oil credits, political uncertainities, econom hardships perpetrated by the unfettered inflation - all of which affecting t savings, investments and capital formation.

The secondary market scene was also none too different. The Primary and t Secondary market moved in tandem, one justifying the other.

The merchant banking business in the country has attained maturity, depth a resilience. The presence of large authorised merchant bankers have add

INANCIAL SERVICES LTD.

ad, BANGALORE 560 052.

ew dimension to the competitive fervour.

The capital market needs to be opened up and we should go from an era of restrictive control and legislation to one of self-regulation and enforcement.

he Commercial Banks continued to play a vital role in providing the use of eir infrastructure for mobilisation of issue subscriptions.

he capital market needs to be opened up and we should go from an era of strictive control and legislation to one of self-regulation and enforcement. The eed of the hour is to mobilise greater savings through the capital markets. ur markets though large mobilise only a small part of our savings. Mobilising nds in the primary markets is possible only if we have a vibrant and efficient econdary market. To create such a market we need more informed operators ho trade on the basis of legitimate information. Aberrations in the market like sider trading, wash sales, etc., would have to become a thing of the past. here is a need for ensuring greater information on corporate performance, to nsure that it is available to all investors.

afety of investors' money has acquired a new dimension with the failure of a reign bank recently where issue subscriptions remain frozen. This is an tricate situation and it will have to be seen that bank failures do not affect the vesting public and the corporate entities.

In the changing scenario the emphasis should be on self- discipline and this is a good price to pay for removing the stumbling-blocs and disbanding the excessive, futile and wasteful regulatory endeavours.

he consistent policy of economic and financial liberalisation have provided the uch needed incentive to innovate and excel resulting in multilateral velopment of the capital market. It is this initiative that is needed to be stained in the years ahead.

the process, however, the observance of desired level of disciplines and ccountability are also to be pursued through proper framework. It should owever be borne in mind that a class-room type of situation does not exist in e capital market and therefore when we talk of a framework for disciplines and ccountability, all those who participate in the capital market and also all those th whose support the frame work operates must have participatory role in the nning of the framework itself.

rough this, a better realisation and understanding will prevail and the mework itself will be better acceptable it being directly accountable to achieve e desired end-results. In the changing scenario the emphasis should be on lf-discipline and this is a good price to pay for removing the stumbling-blocs d disbanding the excessive, futile and wasteful regulatory endeavours.

ERFORMANCE OF THE COMPANY:

ANFINA once again turned out a superlative performance during the year 1990-

the total 141 Public issues, **CANFINA** was associated with 84 issues in the pacity of Lead Managers/Managers/ Co-managers accounting for a market share 59.57% and occupied the leading position in the issue management business. e Company was associated with 59 Rights issues accounting for a resource bilisation aggregating to Rs.2,374 Crores.

CANFINA now possesses a diversified asset financing technique for diverse industrial sectors.

in the previous year, **CANFINA** continued to be in the forefront in the placement Public Sector Bonds having handled issues in the aggregate amounting to .2,288.50 Crores.

Of the most important segment of Investor Services, **CANFINA** made giant strides in R & T Services, Odd-lot Share Purchases, Broking Services and NRI Portfolio management. The News-letter has been attracting investors' interests in a large measure.

CANFINA handed down lease sanctions aggregating to Rs.83.14 Crores during the year. The cumulative lease disbursements stood at Rs.179.59 Crores.

CANFINA also launched the Hire Purchase business for the benefit of the industrial sector.

CANFINA now possesses a diversified asset financing technique for diverse industrial sectors. Canbank Venture Capital Fund managed by **CANFINA** funded 18 high-tech ventures aggregating to over Rs.5 Crores from out of the corpus fund contributed by the Canara Bank and **CANFINA** and the line of credit from the World Bank.

CANFINA achieved a gross earnings of Rs.96.42 Crores. The pre-tax profits amounted to Rs.41 Crores. After providing Rs.7.25 Crores for Income-tax and Rs.4.01 Crores for dividend at 20%, a sum of Rs.30 Crores was transferred to Reserves carrying forward the surplus of the previous year. The networth of the Company stood at Rs.86.76 Crores at the end of the year 1990-91.

The integrated approach to the project funding propositions, the cost leadership and the product differentiation techniques and approaches have earned for CANFINA a distinct place in the financial arena.

CANFINA made a Bonus Issue of Rs.10 Crores in the ratio of 1:2 by capitalising the Reserves and also made a Non-convertible Debenture issue of Rs.50 Crores.

THE FUTURE OUTLOOK:

The integrated approach to the project funding propositions, the cost leadership and the product differentiation techniques and approaches have earned for **CANFINA** a distinct place in the financial arena.

The highly dedicated and committed team of staff members versatile in their respective assigned areas fully imbibing the Canbank's corporate culture have become the most sought after cadres in the financial sector in the country. It is this quality and calibre the company strives to build-in in each of its staff members.

I perceive a distinct possibility of an expanding horizon of gigantic proportions in the financial services sector given the prevailing thinking and the directional orientation sought to be pushed through in the near future in the matter of industrialisation, public participation in the state sponsored sectors and the deregulation initiatives. And, **CANFINA** will, as usual, contribute its mite to the fullest extent and live-up to the challenges these measures will usher in.

ACKNOWLEDGEMENTS:

I place on record with gratitude the wholehearted support extended to the company by the Government agencies and departments, SEBI, the All India Financial Investment and Insurance Institutions, RBI, Canara Bank, the Canbank Mutual Fund and the depositors and clients. I thank the Canbank men and women for the dexterity displayed by each one of them in achieving a superlative performance.

LIBERALISATION AHOY, BUT...

H. P. RANINA



The industrial policy announced by the government blazes a new trail and seeks to globalise the Indian economy. The government has realised that unless multinationals are allowed to invest in India to the extent of 51% of a company's equity, neither will technology flow into the country nor will there be a boost to exports. The average annual industrial growth rate of 8.5% during the seventh plan period will have to be stepped up to at least 12% per annum if the country is to join the league of fast-developing Asean (Association of South-east Asian Nations) countries.

As a first step, the government abolished industrial licensing for all projects except for a short list of industries relating to defence, hazardous chemicals and certain consumer items. With a view to reducing the level of bureaucratisation, all existing registration schemes, including the DGTD (directorate-general for technical development) registration, have been done away with.

In cities with a population of less than a million, there will be no need for obtaining industrial approvals from the Central government, except for areas subject to compulsory licensing. In respect of cities with a population of more than 1 million, industries will have to be located 25 km beyond the city limits. However, industries of a non-polluting nature such as electronics, computer software and printing are exempt from this stipulation.

With the removal of the threshold limit on assets, MRTP (Monopolies & Restrictive Trade Practices) companies and dominant undertakings will be able to establish new projects, undertake expansions, mergers, amalgamations and take over existing units without approval from the MRTP Commission (MRTPC). The role of the MRTPC will now be limited to investigating complaints in respect of monopolistic, restrictive and unfair trade practices.

Turning to the most important aspects of foreign technology and investment, automatic permission has been proposed for foreign technology agreements to companies coming under the high-priority list given in annexure III to the industrial policy. This list consists of 34 different industries which are generally capital intensive.

However, blanket permission will not be given, except in cases where the lumpsum payment for the technology transfer is Rs 1 crore or less and the recurring royalty is restricted to 5% of domestic sales and 8% of exports. This is subject to a total payment of 8% of sales over a 10-year period commencing from the date of the agreement or seven years from the date of commencement of production.

The new industrial policy will blaze a new trail. It moves away from the old socialist path which was strewn with bureaucratic controls



With respect to industries which do not fall within annexure III, automatic approval for foreign technology agreements will be given only if no free foreign exchange is required for the payments. All other proposals will need specific approval, as at present.

The government has sought to make these changes with a view towards "injecting the desired level of technological dynamism in Indian industry." But it is submitted that these changes will hardly have the effect of injecting dynamism because most technology-transfer agreements will have to be approved by the government. This is because the lumpsum payments will exceed Rs 1 crore, since the 34 industries listed in annexure III are generally hitech ones. The "automatic permission" will rarely be resorted to considering the fact that Rs 1 crore is equivalent to less than $0.4 million. The only other change proposed to be made is that no permission will be necessary for hiring foreign technicians or for testing indigenously-developed technologies outside India.

The much-awaited foreign investment policy permitting foreign equity holdings up to 51% in the share capital of a company will prove to be a non-starter. All such investments will have to be approved. This itself will not enthuse many multinationals to invest in India.

The government has assured quick clearances, provided the foreign equity covers the exchange requirement for imported capital goods. It is submitted that this condition will be the main stumbling block in foreign investment coming to India.

Industrial ventures are generally set up in this country in conformity with the debt-equity norms of 2:1. Thus, 67% of the project cost is financed by loans and 33% by equity capital. If foreign enterprises are allowed to invest in India to the extent of 51%, their contribution to the project cost in the form of equity would therefore be 16.5%. Hence, if the value of imported plant and machinery is within the limit of 16.5% of the project cost, the foreign investment proposal will sail through. On the other hand, if the import component is more than that figure, the foreign investment proposal will need government clearance, as has been the case so far, involving long delays and protracted interaction with the bureaucracy.

The other provision made is

that foreign equity proposals need not necessarily be accompanied by foreign technology agreements. This implies that even if no technology is to be imported, the foreign investment proposal will still be considered on merit.

Another onerous condition which has been imposed is that the payment of dividends will be monitored by the Reserve Bank of India (RBI) to ensure that outflows on account of dividend payments are balanced by export earnings over a period of time. The implication of this is that though a company with foreign investment may have declared a dividend, the actual payment to the foreign shareholder will be permitted only if the company has earned sufficient amounts by way of export earnings.

NO FRESH THINKING

As regards trading companies which are export-oriented, foreign equity investment to the extent of 51% will be permitted. This is sought to be justified on the ground that new foreign enterprises will open up the country to international markets. But this policy has always been in force, in the sense that export-oriented units (EOUs) have been allowed to invest freely in India. Hence, it cannot be said that there has been fresh thinking on this point.

A specially-empowered board is proposed to be set up to negotiate with large international firms and to approve direct foreign investment in select areas. Besides, a special programme is to be formulated to attract substantial investment with a view to provide access to high technology and world markets. And as a new approach to public enterprises, the following areas have been earmarked for public investment:

- Essential infrastructural goods and services.
- Exploration and exploitation of oil and mineral resources.
- Technology development and building of manufacturing capabilities in areas which are crucial for the long-term development of the economy and where private sector investment is inadequate.
- Manufacture of products where strategic considerations predominate — defence equipment for instance.

In view of these considerations, the government will review the existing portfolio of public investments with greater realism. This review will be in respect of industries based on low technology, small-scale operations and non-strategic areas, inefficient and unproductive areas, areas with low or no social considerations or public purpose, and areas where the private sector has developed sufficient expertise and resources.

The government will strengthen those public enterprises which either fall in the reserved areas of operation, in high-priority areas or are generating good or reasonable profits. Such enterprises will be provided a much greater degree of management autonomy through the memorandum of understanding (MoU) system.



Competition will also be induced in these areas by inviting private sector participation. In the case of selected enterprises, part of the government holdings in their equity share capital will be disinvested. The rationale: to infuse a dose of market discipline in the public enterprises. There is a large number of chronically-sick public enterprises incurring heavy losses, operating in a competitive market and serving little or no public purpose. These need to be attended to.

To sum up, the new industrial policy announced by the government will blaze a new trail, in the sense that it moves away from the old socialist path which was strewn with bureaucratic controls. The foreign investment policy, unfortunately, does not eliminate the regime of approvals. It only enunciates the circumstances in which an approval for foreign investment will be expeditiously granted. The old procedural route will be followed in cases of other proposals for foreign investment. To any perceptive student of Indian economic policy, this does not leave much room for jubilation because, whenever approvals are involved, the normal bureaucratic delays are unavoidable.

The foreign investment policy leaves much to be desired because it hasn't thrown overboard the system of approvals

That India needs foreign investment in the form of risk capital rather than borrowings by way of loans does not have to be stressed. The government itself has admitted this. However, the actual formulation of the policy leaves much to be desired because it has not thrown overboard the system of approvals; an "automatic approval" is a contradiction in terms.

• *The author is a Bombay-based advocate.*

TOWARDS EXCHANGE REFORMS



Foreign exchange remains a scarce commodity in most developing countries because they desire more goods and services from developed countries than they are able to offer in return. Thus, foreign exchange has to be rationed among various competing economic activities. In India, our government chose to ration foreign exchange through an elaborate system of controls instead of the market. The rupee is not a fully convertible currency.

A major reason for choosing the route of controls was that the government wanted to direct economic activity into more essential areas, build a diverse and regionally-dispersed industrial base with the objective of reducing our dependence on foreign goods and foreign technology, and promoting balanced development. Without controls on industrial investment and on the use of scarce foreign exchange, creating a diverse industrial base may not have been possible. Placing such great emphasis on diversity of production capability automatically implied that competition would have to be sacrificed for two reasons. First, the domestic market was not big enough to support many BHELs and HMTs, nor did we have the resources to create many of the same. Second, since this industrial base was young, it could not compete internationally to expand its markets. On the other hand, it had to be protected on home turf also.

The above objectives were pursued through several regulatory mechanisms. The government had to ensure that scarce foreign exchange would be used for asset creation and the import of only essential commodities. Since it was feared that individuals would have a high propensity to acquire personal consumption items from abroad, limits had to be placed on the convertability of rupee savings into hard currency.

The industrial licensing system was used to guide the creation of our industrial base and foreign exchange requirements were carefully scrutinised before a licence was granted. Import tariffs, and DGTD (directorate general of technical development) clearances were further used to curb the import of non-essential items.

Foreign investment proposals were also subjected to scrutiny to assess whether they would result in a net inflow or outgo of foreign exchange. Only if these proposals added to our industrial base by bringing in new technology did we accept a net outgo of foreign exchange.

Lastly, since our economy was highly protected and foreign companies were, in all likelihood, earning "excess" profits, the government instituted detailed regulations to control the foreign exchange transactions of these multinational corporations. This was to prevent them from repatriating these "excess" profits directly, or through the devious method of transfer pricing.

While our old policies have done us good; it has become increasingly clear that many of the assumptions that guided our earlier policies are no longer applicable. First, even though markets are not perfect, many have come to believe that the market-wisdom has begun to exceed that of the bureaucrat. Second, the state will no longer be able to take a leading role in the further development of our industrial base because its resources are depleted. However, the resources potentially available to the country from the parallel economy, the domestic gold hoard, and non-resident Indians are vast, but deregulation is the precondition for these resource flows to take place.

Third, given the performance of our public sector, it is not unreasonable to conclude that if economic efficiency is completely sacrificed at the altar of "social objectives" we will achieve neither. Fourth, if we want a dynamic and growing economy we have to export substantially more than we presently do to be able to pay for our imports. Thus, the accent has to be very much on deregulation and reducing the role of the government in running the economic affairs of the country.

What kind of foreign exchange controls will suit us best in a new scenario where our industry is deregulated and is subjected to more domestic and international competition, while our balance of payments (BoP) situation remains precarious, and we continue to require access to new technology and markets? That is the policy question.

If industrial investment and trade decisions are left to market forces, it follows that the foreign exchange market should also be liberalised so that entrepreneurs can freely bid for these scarce resources. The government's latest move to introduce the exim scrip scheme with the promise of expanding its coverage to the entire trade of the country is a way of liberalising the foreign exchange market. When the replenishment (rep) licence or the exim scrip scheme's coverage expands to the entire trade, the rupee would have become completely convertible, at least for trade purposes.

This will keep our imports and exports roughly in balance. Even though the allocation of foreign exchange will now occur through the market, the government will still have the power to selectively promote or curb imports through the tariff system.

Increasing competition in the domestic market will considerably weaken the need for detailed regulations that control the foreign ex-

It has become increasingly clear that many of the assumptions that guided our earlier policies are no longer applicable

change transactions of multinationals. This is because there won't be any "excess" profits to be made. However, since new foreign investment will occur outside the purview of the rep licence scheme, we have to devise some mechanism to ensure that these investments result in a net foreign exchange inflow not just neutrality in the long run.

In this context, Pakistan's decision to give free rein to foreign investment has few parallels among developing countries. Even developing countries with a fully convertible currency, such as Thailand and Indonesia, subject foreign investment to some controls. For example, Thailand links the maximum permissible foreign equity in a firm with its export performance — barring a few exceptions. Indonesia has extensive controls on direct foreign investment. China has a "passbook" policy towards foreign investment. According to this policy, a foreign company can repatriate profits only if its net exports exceed the amount being repatriated.

We should evaluate all these options carefully. Our endeavour must be to devise transparent and general regulations. Government intervention, if any, should be only in the form of an initial approval. Micromanagement of day-to-day operations must be completely eliminated.

Last, we come to those exchange controls that limit convertibility of individual savings to hard currency. In reality these have had only a limited impact. When we manufactured less consumer goods to save on imports it only created a bonanza for smugglers, who illegally diverted foreign exchange and brought it back in the form of consumer goods. Now that we do manufacture consumer goods, there still is some foreign exchange outflow since many components are imported. Between the two courses the latter — that is, manufacturing consumer goods — is preferable because, at least, it creates employment within our borders. The point is that we have not been able to achieve our original goal of preventing individuals from acquiring consumer goods that represent a drain on our foreign exchange resources. The other source of drain on our foreign exchange resources has been through the illegal import of gold which is another way of converting rupees into hard currency.

As far as consumer goods are concerned, our policy to encourage their manufacture within our borders is a mature response. It is pointless to indulge in sanctimonious debates about what are "essential" and what are "luxury" goods. It is a simple law of economics that demand will generate supply.

The question of gold is more interesting from a policy perspective. Since antiquity, gold has been used as an insurance against the profligacy of rulers. The government can print as much money as it likes, but it cannot generate gold through legislative fiat. Thus, if inflation is running high and political instability is on the rise, individuals would prefer to hold their savings in relatively inflation-proof investments such as gold or currencies of economically strong and politically stable countries. Thus, our desire to hoard gold is a reflection of our low confidence in the future value of the rupee. If our currency had been completely convertible, the unofficial capital flight that has occurred in response to the government's populist policies would have taken place officially. So if the government wants individuals to keep their money within the country and attract back the money that has already left, currency convertability is only a starting point. Two additional preconditions are required.



GOLD: *Time to reduce its lure*

First, inflation must be low and economic growth must be high. In other words, people must have confidence in the Indian economy and polity. Second, there must be inflation-proof investments available to individuals, as an alternative to gold, into which they can pour their savings. An example of such an investment is housing. Providing individuals with opportunities to invest in inflation-proof investments will automatically cut their appetite for gold. The added benefit will be growth in economic activity because even though gold may be a good store of value its hoarding does not create jobs.

Thus, aiming for a fully convertible currency in India — as it exists in Thailand, Indonesia, and now Pakistan — is necessary, but the manner in which it is achieved and the timing must be based on an appreciation of the factors I have discussed above.

Lastly, Pakistan's exchange control reforms have gone one step beyond the free foreign exchange markets that exist in even Western countries. This relates to Pakistan's new policy of not asking any questions about the source of foreign exchange deposited in Pakistani banks and allowing individuals to bring in or take out cash without any declaration to customs authorities. Fears have been expressed that such freedom to the financial sector could convert Pakistan into a drug-money laundering haven. While Pakistan may aspire to become a Switzerland of Asia, it should not land in a situation where banks are controlled by the drug barons. India will have to watch the situation carefully because the strengthening of unsocial elements in Pakistan, intended or unintended, is likely to have a negative effect on our domestic affairs. Just like the war in Afghanistan did.

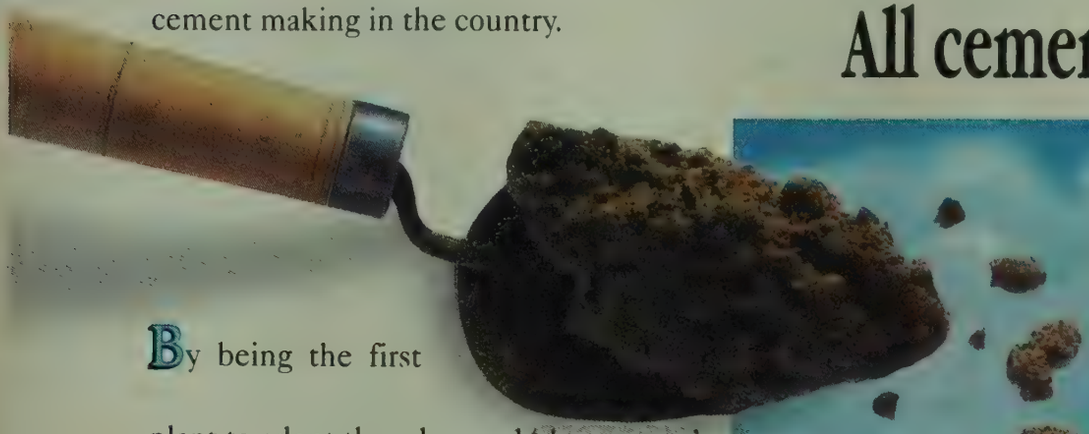
□ V. Krishnamurthy

The author is a former chairman of Steel Authority of India and Bharat Heavy Electricals.

It is not unreasonable to conclude that if economic efficiency is completely sacrificed at the altar of social objectives we will achieve neither

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MORE TANGLES AT PEERLESS

At the perennially controversial Peerless General Finance & Investment Co, well known as India's largest non-banking savings company (assets as on 31 March 1991: Rs 1,386 crore), the legal tangle is getting more and more acute even as the curiosity angle gets obtuse.

Earlier this month, Peerless filed what must be its umpteenth petition in the Calcutta high court to stymie an adverse media campaign launched "in the public interest" by a hitherto unknown Peerless Depositors & Agents Association, New Delhi. No agency 'signature' was appended, but it seems the copywriters lacked even a basic schooling in letters because the ad had at least half a dozen spelling and/or grammatical mistakes.

But whatever the literacy status of the agitated "depositors and agents" who must have vetted the ad copy, it is certain that they drew heavily from the application filed in the Calcutta high court under s.397 of the Companies Act (among others) by a few Peerless shareholders two months ago. Again, as the whole matter is *sub judice*, the high court bench granted an injunction thanks to which the above-mentioned 'Association' is temporarily debarred as of now from inflicting more ads on an unsuspecting public.

Be the merits of this aborted campaign as they may, corporate monitors promptly linked former Peerless director and the company's *bete noire* Parasmal Lodha to these ads. An affable Lodha, who divides his time between Calcutta, New Delhi and Bombay these days, genially shrugs away such insinuations. Says he: "I have no personal disputes with anybody."

He does not deny, though, that he "supports" the efforts of Peerless' minority shareholders to seek justice from the courts. (Incidentally, the two main litigants — brothers Ajit Kumar and Arghya Kusum Chatterjee, of whom the former is a non-resident — are the sons of one of the co-founders of Peerless, Kali Kumar Chatterjee. The other co-founder was Radha Shyam Roy, father of incumbent director S.K. Roy; Peerless was founded in 1932.)

Explains Lodha: "The Chatterjees have convinced me that the company is being grossly mismanaged. Being substantial shareholders, directly and through associates, we are naturally concerned." He adds that he has "no desire to personally take an active role in the management of the company." All that Lodha wants is to have a "clean, professional management" running the company.

LODHA: *Honourable intentions?*





MISTRUST

is a pernicious parasite that sucks the life out of mighty trees.

Beware of how Peerless the organization is being looted from within.

Imagine a tree whose life blood is a sum of Rs 1,200 crores deposits made by 20 million Certificate holders from all over.

Then imagine a few top management officials, who are siphoning off this precious fund in the name of 'expansion, diversification and modernisation'. Pulling the wool over everyone's eyes.

Consider these points

- A prominent member managed to allot 50,000 Equity Shares of Rs.100 each at par, for himself and his coterie, whereas the Book Value is Rs.2000/- per share
- The Company is in the grip of this member who is guilty of Rs.40 crore defalcation of funds in a public sector company. The same person, while managing Peerless was arrested under FERA for large sums of monies in foreign banks.
- Rs.50 crores invested in non-existant property at Delhi
- Rs.150 crores withdrawn for organizational development, not mentioned in the books.
- Cash commissions received by the same prominent member against Rs.150 crore loans sanctioned to Marwar companies
- Rs.5 crores paid to one Bonani Properties Ltd. having paid up capital of Rs.2000/- only, without any security.

Is this the fate of the lifetime savings of Peerless Certificate holders? Are we headed for another 'Sanchita'?
Let us destroy the parasite now. So that the mighty 'Peerless' tree continues to flourish and shelter the interests of every man.

Issued in the public interest by

Peerless Depositors & Agents Association, Kashmiri Gate, New Delhi.

The ad is full of literary lapses. It draws heavily from a suit filed in the Calcutta high court

DETAILED ALLEGATIONS

In his view, the present team headed by chairman & managing director P.C. Sen does not qualify as such. The Chatterjee brothers have gone into detailed allegations of mismanagement in their 120-page submission to the high court; clearly, Lodha supports these, although he is not a litigant himself. Asked for his views on Sen, Lodha says the performance of the company and its subsidiaries speaks for itself. "Besides, one thing I can't understand is how a dispute between shareholders can affect a professional servant of the company," he adds.

On his part, Sen snorts at the suggestion that Peerless is 'actually' losing money. Director and majority (61%) shareholder S.K. Roy maintains that the company has conquered new heights since Lodha quit the scene in April 1988. To wit, in the three years since, assets have gone up by 54%, business booked (as measured by contractual liability to certifi-

cate-holders) by 66% and the number of certificate-holders by 37% to reach a whopping Rs 2.66 crore. Today, roughly one out of every 32 Indians is a Peerless depositor — an amazing statistic.

PREFERENTIAL TREATMENT

According to Roy, who is demonstrably held in high esteem by members of the Peerless 'family,' certificate-holders are getting added value nowadays because Peerless' newly spawned subsidiaries give them preferential treatment. For instance, the home finance subsidiary Peerless Abasan charges reduced interest rates to certificate-holders. So does Peerless Bazaar, the hugely popular consumer durables hire-purchase outfit which is booking Rs 2.5 lakh worth of business on an average day in its sole showroom in downtown Calcutta and plans to open shop in Siliguri, Delhi and Madras shortly.

"By giving more benefits to our certificate-holders, we are directly encouraging them to continue their policies till maturity," says Roy, who is obviously stung by the accusation that Peerless makes its money from lapsed policies rather than from prudent financial management. "We shall keep on adding facilities for them whenever possible," he promises.

Like Lodha, neither Sen nor Roy is willing to comment on issues raised by the litigants, the matter being *sub judice*. They do believe, however, that Peerless has a very strong case since they are advised by their lawyers that the petitioners' application is "frivolous." As such, the Peerless management apparently is not interested in thinking in terms of an out-of-court settlement.

Incidentally, considerable speculation centres around the exact quantum of equity owned or controlled by Lodha. The figures bandied about vary wildly from below 5% to over 35%. For the record, Lodha is only willing to be quoted that his interest is "substantial;" the subsequent interpretation is left wide open. According to one theory, since the Chatterjees' petition (if upheld) will nullify 45,636 shares out of the existing 1,03,612, Lodha must be in control of around 29,000 shares for him to emerge with a clear majority on the truncated capital. This impossible to substantiate theory puts his minimum present stake at 28% or so.

In physical appearance, the Peerless scrip is disappointingly mundane. Actually, the owner of a single share has an asset backing of nearly Rs 1.4 lakh



ROY: *Waving aside the allegations as "frivolous"*

Peerless scrips might be prized documents given the gall and gore being spilt over their possession, but in physical feel and appearance, they are disappointingly mundane. Estimates vary, but each share (face value: Rs 100) has a book value between Rs 1,800 and Rs 2,000. But that's only the theoretical figure. In real life, the owner of a single share enjoys the mind-boggling effective asset backing of nearly Rs 1.4 lakh — a privilege which no public limited company in India can conceivably offer. No wonder this innocuous piece of corporate paper is the centre-piece of some fatal attraction!



Certificate No. ..... No. of Shares .....

The Peerless General Finance & Investment Co., Ltd.

(Incorporated under the Indian Companies Act, 1913)

(OUTER FOLIO NO. ....)

Registered Office
'PEERLESS BHAVAN'
3, ESPLANADE EAST,
CALCUTTA-700 069.

Re : BONUS-1:1

This is to Certify that Mr. Mrs. M/s ....

of ....

is the Registered Proprietor of ..... Equity Shares of Rupees One hundred each numbered from ..... to ..... inclusive in The Peerless General Finance & Investment Co., Ltd., subject to the Memorandum and Articles of Association thereof on which shares payment has been made in full at Rs. 100 per share.

Given at Calcutta under the common seal of the said Company this ..... day of .....

Checked by

Dy. Director

Secretary & Director

N. B.—No Transfer of any of the above named shares will be registered without the production of this Certificate

Unfortunately, the Peerless tangle has so many angles that it is unlikely that the skein can ever be gently unravelled. The danger is interested parties might keep on trying to find shortcut solutions by cutting the proverbial Gordian knot — dashing hopes, killing dreams. With bitter rivals in confrontation, the tantalising question is: whose?

□ Sujoy Gupta

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- **Societies registered under the Tamil Nadu Societies Registration Act permitted by Govt. of Tamil Nadu to invest in this scheme.**
- **General Sanction obtained under Rajasthan Public Trust Act for investment by Public Trusts.**
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- 15% per annum on deposits for 36 months and above. 14.5% per annum on deposits for 25-35 months.
- Minimum amount of deposit is Rs. 2,000/-, and in multiples of Rs. 1,000/- thereafter. No maximum limit.
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HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

With you, right through

Regd. Office: Bombay

This abridged advertisement appears further to the statutory advertisement published by the Corporation on August 1, 1991

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AMBANI'S MEGAMERGER

Early this year, there was a marriage in the house of Reliance. Amid much pomp, scion Anil Ambani tied the knot with Tina Munim. Few expected a fresh set of banns to be put up in a matter of months. Well, another marriage has been announced; the betrothed this time — Reliance Industries Ltd (RIL) and Reliance Petrochemicals Ltd (RPL).

That's not official as yet. The proposed merger has to get the nod from the boards of directors and extraordinary general meetings of the respective companies, the Controller of Capital Issues (CCI) and, of course, the courts.

But the Reliance thinktank (read chairman Dhirubhai Ambani) has already completed its homework. According to calculations, if the merger goes through as planned, RIL will emerge as the clear topdog in the Indian corporate sector and possibly find a place in the *Fortune* 500 list to boot.

The figures being bandied about put the new RIL a clear head and shoulders above current leaders Telco and Tisco. For 1992-93, the turnover is projected at Rs 4,500 crore (rising to Rs 7,000 crore by 1994-95) on an asset base in excess of that figure. The cash flow will be Rs 700-800 crore, the debt-equity ratio 0.7:1 and the cash earning per share Rs 45-50.



DHIRUBHAI: *Megavision*

FEW IMPONDERABLES

The figures, however, are rough and ready because there are a couple of imponderables. First, RPL's equity structure. The company's current share capital is Rs 87.24 crore. However, part B (Rs 40) and part C (Rs 150) of its convertible debenture issue are slated to become equity on 27 October 1991 as a precursor to the merger. The original gameplan was that RPL would be on stream when the time for conversion came around. This would enable the company to ask for a premium on conversion.

As things stand today, only trial runs of the MEG (monoethylene glycol) plant have started (it is expected that HDPE — high density polyethylene — and PVC — polyvinyl chloride — will be flagged off later this year). Thus, there isn't even a bottomline to show. The conclusion: though the Ambanis would like a premium, the CCI is likely to insist on conversion at par.

The second grey area is the exchange ratio for RPL and RIL shares. Here again the Ambanis would push for a larger number of RPL shares for each RIL share (10:1, say Reliance watchers). The reason is obvious; RIL will have a smaller additional capital to service. Given the market price of the two scrips, however, the ratio is likely to be closer to 6:1.

Sans the figures, what does it mean for RIL? Aside from the muscle that sheer size will give, it will emerge as a totally integrated petrochem major with obvious savings in overheads and other costs. It will enjoy a zero tax status for five years and more. And, to fulfil another Ambani ambition, it could well become the largest company in the world in terms of number of shareholders.

For RPL, it is obviously a bail-out bid. Though a company spokesman insists that "RPL (as a separate entity) will be in a position to pay dividends in its first year of full operations," corporate analysts take such statements with a pinch of salt. Costs have more than doubled from the original Rs 700 crore in part due to raising plant capacities to minimum economic sizes. Schedules have also gone somewhat haywire.

With a massive equity base (assuming conversion at par), RPL cannot be the goldmine Dhirubhai has always been for his shareholders. If future Ambani issues are to be lapped up — and there are bound to be a lot of them considering the group's growth plans — this cannot be allowed to happen.

RPL was a backward integration project for Reliance. Now it is going one step further. The company is tying up with a foreign oil major to participate in the next round of oil exploration bids. And, of course, there is the refinery project in Dubai — the stake in Jebel Ali Refinery Corp — which is still awaiting Delhi's green signal.

Ambani sources attribute this flurry of activity (another outfit styled Reliance Europe with a 1993-94 export target of Rs 1,000 crore has also been launched) to the liberalised regime. With monopoly strictures on their way out, it is possible to have a megacorp in India at last. In today's global village, only such megacorps can slug it out with the multinationals. Dhirubhai's vision is now acquiring wider dimensions.

And where does Larsen & Toubro (L&T), over which there is currently so much brouhaha, fit into the picture? No, there is no proposal to merge it with Reliance at the moment (the takeover is considered a matter of course). But tomorrow, when the dust has settled, it could be another story. Watch out for the engagement columns in a couple of years.

The RIL-RPL merger, if it goes through, could see India boasting its first-ever megacorp

□ A correspondent

The Ruias of Essar have big plans.

GOING GLOBAL

Physically they are perched atop the Ambanis; the Bombay offices of the Essar group are housed in the same building as Reliance Industries. In turnover terms, they are still in a comparative little league. But with a plateful of plans on domestic turf and a major global thrust, the Ruias of Essar have chalked out a grand gameplan to go places.



The group has clinched $28 million worth drilling contracts in Oman and Indonesia. It is contemplating setting up a sponge iron unit in Malaysia or Indonesia. Its financial services arm — India Securities — is tying up with a foreign major; the grapevine talks of Merrill Lynch. And, after its acquisition of South India Shipping Co (Sisco), Essar is fast becoming a major Indian presence on the high seas. Says group managing director Ravi Ruia: "We have to emerge successful both within the country and abroad."

The contract in Oman, in particular, is quite a feather in the Essar cap. Though the $20 million it is worth may seem chickenfeed (perhaps less so in these devaluation days), the others in the fray included majors such as Cedco-Forex of the US and Deutague of Germany.

Besides, the Omani contract has been approved by Royal-Dutch/Shell which is said to be a stickler in vetting bids. (Shell is the joint venture partner in the government-owned Petroleum Development Oman which awarded the contract.) "It is not so much the money," explains Essar chairman Shashi Ruia, Ravi's elder brother. "The Shell approval is an automatic qualification for future such contracts."

That could bring in big bucks in the long term if more such projects come Essar's way. But a more lasting presence abroad could probably be provided by the proposed sponge iron unit. The group is planning a foray in south-east Asia following in the footsteps of Aditya Birla. Company officials are, however, chary of talking about it at present. "It's premature," says Ravi. "We are exploring possible opportunities abroad which would exploit the expertise we have gained over the years as also extend the synergy in our lines of business."

But what are Essar's lines of business? Starting from a small shipping agency exporting iron ore from Madras, it moved into construction activity and then into the supply of critical support services for the oil and gas sector. Today, the Essar umbrella covers Essar Investments, the holding company for Essar Gujarat Ltd (EGL) and Essar Shipping Ltd (ESL), Essar International (with its office in London), India Securities and new entrant Sisco. The group's turnover has leapfrogged from Rs 3 crore in 1975 to about Rs 275 crore in 1990. This year, it expects to touch Rs 550 crore.

The expected spurt in turnover is partially attributable to Sisco (some Rs 75 crore). But the lion's share will be from sponge iron which is selling like hot cakes. "The strategy of Essar is to think long term. It is the vision that is paying rich profits," says executive vice-president (finance) S.V. Venkatesan.

Sponge iron is a substitute for scrap which is in short supply the world over. Foreseeing a ready market in the scrap-starved mini-steel units, EGL set up an 8.8 lakh tonne (lt) sponge iron plant of international size at Hazira in Gujarat. This went on stream in August 1990. While other sponge iron manufacturers in the country took the coal-based route, EGL took the gas route. And it tasted success. Says one of EGL's sponge iron customers: "The venture was an adventure which clicked."

Today, Essar's sponge iron, which is of a higher grade than its competitors' products, is said to command a premium of Rs 500-600 per tonne. "It's minting money hand over fist," says a keen Essar watcher.

A study conducted by Metallurgical & Engineering Consultants (Mecon) reveals that there will be a shortfall of 7 million tonnes (mt) of melting scrap by the turn of the century. The installed capacity of sponge iron stands at 1.5 mt as of today. Seeing the yawning demand-supply gap, new entrants are waiting in the wings to take the plunge. Once that happens, EGL may not find itself on as lucrative a wicket.

Undaunted, the company is going ahead with its plans to set up an additional 7.2 lt capacity at a cost of Rs 200 crore. According to a company spokesman, the expansion process will start off next year and will be

The Essar corporate gameplan seems concentrated in the core sector. But the company is not averse to stepping into finance

completed by the third quarter of 1992. Today, a plant of this size would entail a fat bill of around Rs 600 crore. Says Venkatesan: "The benefit of setting up a plant earlier is accruing today." Meanwhile, the existing sponge iron plant is humming along at 100% capacity utilisation.

But while sponge iron has made Essar's cash registers ring, the hot rolled (HR) coils project is sounding a more ominous ring. This 100% export-oriented unit (EOU) was supposed to roll out steel at Hazira using sponge iron from the company's augmented capacity as feedstock. When EGL raised money from the public in September 1989, the project looked very fine. The Rs 467 crore debenture issue was oversubscribed about 2.5 times. It was then stated that the 8 lt project would go on stream by end-1992. Well, that's no go now.



There is more to it than just the normal project delays. A much more relevant reason is the decline in the international prices of steel. With exports no longer seeming the earlier goldmine, the company began reworking its arithmetic. This was given an impetus when the National Front government announced a scheme whereby a unit could import capital goods at 25% customs duty (against the normal 85%) against a commitment to export three times the value of such imports over a span of four years. After this period, provided the commitment was met, the unit could operate in the domestic tariff area (DTA). If the Essar EOU could thus change its status, it would mean a saving of around Rs 300 crore in customs duty.

Despite hectic lobbying, Essar has not succeeded in changing the status of the project. And it could mean a lot of moolah: while the price per tonne of HR coils is hovering around Rs 14,000 in the domestic market, the international price stands at $400 (Rs 10,400). However, at the time of writing, the detailed policy on the EOUs/export processing zones was still awaited. Nevertheless, EGL is going ahead with the HR coil project as an EOU in the hope that the government will allow it to be converted into a domestic one.

"We'll pay the extra customs duty if need be. As for the shareholders, the conversion (to a DTA) is in their interest," says Ravi.

While the EOU is a fly in the Essar ointment, there is yet another project — the Vijayanagar steel plant — where the company seems to have bitten off more than it can chew. With no experience in the manufacture of steel, it has gone ahead and pocketed the 3 mt proposal. The Ruias, however, are not worried. Says Shashi: "We didn't have experience in sponge iron; despite that we have succeeded. It is a question of getting the right technology at the lowest possible price and adapting it to Indian conditions."

The foundation stone for the Vijayanagar steel plant was laid by the late Indira Gandhi more than two decades ago. But the project never got off the ground thanks to political interference. About two years ago, Vijayanagar was back in the news. Taking advantage of the liberalised steel policy, Mukand got cracking on it first. It was in the inside track to bag the project, but Essar pipped it at the post.

The Ruias talk of a group turnover of around Rs 2,000 crore-plus by 1995-96. But this doesn't include several projects which still have to get off the ground

While Mukand's proposal was to set up phase I (1 mt) at a cost of Rs 2,075 crore with Russian technology, Essar stated that it could execute the first phase at a much lower Rs 1,500 crore tab. That figure seems Utopian now. And Ravi doesn't hesitate in admitting that. Says he: "Mecon is preparing a feasibility report and our team of professionals is evaluating the project. They are reworking the cost."

There could be other problems. The Ruias have opted for Chinese technology ostensibly to "keep the project cost low." Essar, it is believed, had spoken to Demag and Schloemann Siemag (both of Germany) and Mitsui of Japan before settling for Chinese knowhow. Incidentally, though China is the fourth-largest producer of steel, it has not handled a project of this size.

NO MONEY PROBLEMS

But even if the cost of the first phase moves up only to Rs 2,000 crore, does Essar have the money to put up the plant? With the debt-equity ratio at 2:1, the company will have to raise about Rs 700 crore. That's okay, says the company. "With our 5 lakh strong shareholder base, we don't foresee any problem in raising the money," says Venkatesan.

But this is not the only project on Essar's plate. As part of the backward integration of sponge iron, it plans to put up a Rs 700 crore pelletisation plant at Vizag. This 4 mt plant is expected to go on stream by 1994. While



The leap in Essar's turnover is mainly attributable to the highly-profitable sponge iron venture which takes the gas-based route

50% of the capacity will be used for captive consumption, the rest will be shipped to either Malaysia or Indonesia. The Malaysian government recently announced its plans to set up three to four large steel plants. Says Ravi: "Indonesia gets its requirements (of pellets) all the way from Brazil and Sweden. We can take advantage of the close proximity (to India)." Says group president P.N. Devarajan: "In the long run, it may be desirable to get a toehold in a hard currency area."

The pelletisation plant christened Essar Minerals is expected to go hat in hand to the public to part-finance this project. Meanwhile, Essar has already entered into an agreement with the Chowgule-owned Mandovi Pellets to pick up 50% of the 1.8 mt annual output. According to a company spokesman, Essar has provided a Rs 1 crore advance against future purchase of pellets. It is said that Essar men have already started running the show at Mandovi Pellets. Is that a precursor to something else?

As feedstock for its pelletisation plant, Essar plans to bring iron ore from Bailadilla (Madhya Pradesh) to Vizag through a 240 km long slurry pipeline. This pipeline will be set up in coordination with Bechtel of the US at a cost of Rs 200 crore.

There is more in the pipeline in Essar. Other projects the group has been eyeing for some years now are a phosphoric acid plant, an oil refinery and an alumina plant. These, however, seem to have been put on hold now.

That's the EGL contribution. But ESL has been making waves too. The company is an outcome of a merger in 1983 between Essar Bulk Carriers and the Karnataka Shipping Corp. At a time when the shipping industry was in the doldrums, ESL managed to keep itself afloat mainly because its fleet was well diversified and catered to the energy sector and the offshore support industry. Thanks to the "largesse" (as detractors term it) showered by the Oil & Natural Gas Commission, Essar's vessels were deployed on fixed time charter. This kept the company going when the overall outlook was bad.

LOWER OPERATING COSTS

In 1987, ESL embarked on an expansion plan. It acquired 12 vessels at a cost of Rs 140 crore. The second phase of expansion in 1989-90 saw three more additions to its fleet. ESL,

THE RUIA FIEFDOM

(Rs crore)

	ESSAR SHIPPING			ESSAR GUJARAT				SOUTH INDIA SHIPPING			
	Year ended 30 June 89*	Year ended 30 June 90	6 months ended 31 Dec 90	Year ended 31 May 88	Year ended 31 May 89	Year ended 31 May 90	6 months ended 30 Nov 90	Year ended 30 Sept 88	Year ended 30 Sept 89	Year ended 30 Sept 90	6 months ended 31 March 91
Sales	142.87	139.54	75.30	75.40	85.87	69.58	109.00	49.57	57.67	74.64	30.99
Gross profit	81.06	94.94	21.43	13.82	19.91	27.88	32.91	(0.07)	26.49	28.47	6.65
Depreciation	59.52	55.53	11.11	6.57	8.68	13.87	17.53	1.26	7.00	8.80	4.46
Taxation	2.15	3.00	—	1.15	0.95	1.50	—	—	2.80	1.66	—
Net profit	19.39	36.41	10.32	6.10	10.28	12.51	15.38	(1.33)	16.69	18.01	2.19
Equity capital	46.14	46.39		9.90	20.95	22.00	72.22	6.00	6.00	6.00	
Book value per share (Rs)	93.51	25.34		46.63	44.41	46.13		304.12	542.35	802.56	
EPS (Rs)	2.80+	7.85		6.16	4.91	5.69		(22.17)	278.17	300.17	
RONW (%)	13.76+	30.88		13.21	3.06	1.88		—	51.29	37.40	
ROCE (%)	4.23+	9.41		4.67	11.05	12.33		—	12.57	12.84	
Dividend (%)	2.00+	2.20		3.50	3.50	3.50		—	40.00	40.00	
Gross block	351.79	437.27		117.24	304.65	529.84		133.31	173.47	178.78	

EPS = earning per share; RONW = return on net worth; ROCE = return on capital employed.
+ annualised; * 18 months.
Source: BW *compilation.*

till last year, had 28 vessels, of which one was scrapped. Here, ESL scores over its nearest rival Great Eastern in that the average age of its fleet is around eight years which automatically translates into lower operating costs.

As part of its group integration programme, ESL has placed orders for 12 mini-bulk carriers to be employed at EGL's sponge iron plant to bring in raw material from Vizag and transport finished goods. The company also plans to acquire offshore supply vessels and tankers.

While ship acquisition requires expertise to buy at the right time and the right place, corporate acquisition is a different ballgame. But the Ruias have proved their mettle. While corporate circles were agog with rumours of Essar eyeing Scindia Steamship, the Ruias scored a coup of sorts by making a fleet-footed entry into the cash-rich Sisco. Says Ravi: "It has a close synergy with our operations."

AN OPEN OFFER

Essar has acquired a 22% stake in Sisco and, to pick up 20%, the company made an open offer in the ratio of 50 ESL shares for every Sisco share apart from a cash payment of Rs 65. At the time of writing, company officials were not in a position to judge the response to the offer but the takeover appears to be smooth sailing. With this acquisition, Essar's fleet strength will stand at 36.

Looking at the areas Essar is operating in, its corporate gameplan seems to be to stick to the core sector. But no. It plans to get into financial services through a group company India Securities, which is to come out with a Rs 10 crore public issue soon.



VENKATESAN: *The vision is paying profits*

According to a company spokesman, India Securities (earlier India Factors) will deal in a range of financial instruments, merchant banking and leasing and hire-purchase. Besides, with the government throwing open the mutual fund arena to private sector players, Essar also plans to set up a mutual fund. "We are looking at the possibility," says Venkatesan.

Coming to the finances (see table), Essar seems to be sitting pretty. EGL closed the year to May 1990 with a turnover of Rs 75 crore and a post-tax profit of Rs 12.51 crore. For the six months to November 1990, turnover zoomed 261% to Rs 109 crore. Post-tax profit closed at Rs 15.38 crore which takes the annualised earning per share (EPS) to Rs 4.26. EGL expects to notch up a turnover of Rs 300-325 crore for the year to May 1991. The EPS is expected to touch Rs 8.

ESL's report card for the year to June 1990 shows a 46% jump (annualised) in turnover over the previous 18-month period. Net profit spurted 180% (annualised) to Rs 36.41 crore. This increase can be attributed mainly to the sale of a ship during the year. For the six months to December 1990, while turnover rose 19% over the corresponding previous six months to Rs 75.29 crore, net profit slid 28% to Rs 10.32 crore. With most shipping companies reporting not so encouraging results because of the Gulf war, ESL is also said to be going with the tide. Though turnover may be maintained for the year to June 1991, profits are likely to take a beating. However, with the Baltic freight index looking up, things should improve in the coming year.

MANAGEMENT PROBLEMS?

But if Essar has its financial house largely in order, it may face problems on another front — management. Though the Ruias claim decision-making powers go down the line, company insiders say everything is too centralised. Essar has had some amount of talent moving out. Rues a former Essar executive: "The Ruias may have the vision, but unfortunately they do not believe in delegating things."

As for the vision, the Ruias talk of a group turnover of around Rs 2,000 crore-plus by 1995-96. And this, says Ravi, does not take into account the Vijayanagar steel plant, the oil refinery, the phosphoric acid project, the "imminent" entry into oil exploration and the moolah from the outward ho. Once these paper plans get transformed into reality, will the Ruias give the Ambanis a run for their money?

□ Roy Pinto

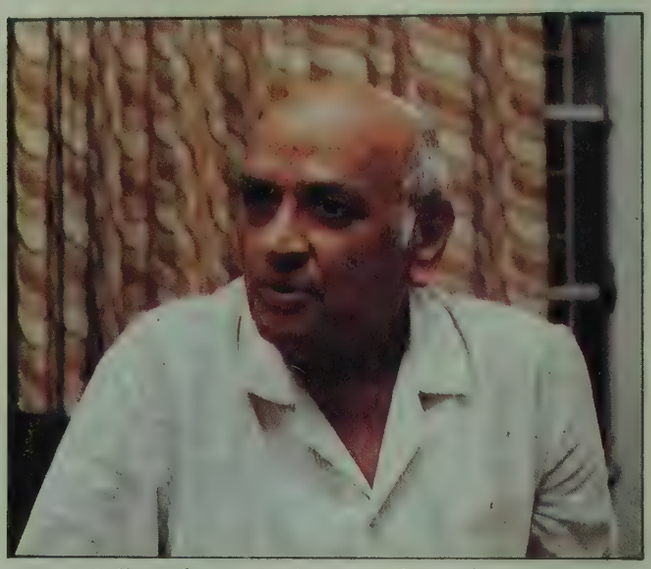
AN ESSAR OFFSHORE SUPPLY VESSEL: *The group plans to acquire more of these*



Investor protection may mean something now.

SEBI GEARS UP

In the menagerie of bulls and bears, the average Indian investor sometimes finds himself in the unenviable role of the sacrificial lamb. As manipulators make their killings on the market, he is reduced to a helpless bystander. "In India, as in Italy, the investor is crucified like Christ. He is defenceless and forlorn," says former chairman of Unit Trust of India (UTI) G.S. Patel.



PATEL: *Calling for secondary market reforms*

This rule of the law of the jungle could soon be shaken. In the Indian capital markets, no longer will it be the survival of the fattest. Hopefully. The key factor is the emergence of the Securities & Exchange Board of India (Sebi) as a no-nonsense setup out to regulate the Indian markets. If Sebi is given the requisite statutory powers during the current session of parliament, there can hardly be any doubt that the average small investor will be in for better times.

The 'if,' of course, is crucial. The controversial Sebi bill has been hanging fire for well over a year. "The political problems of the past many months — general elections and change of government — have resulted in the failure to get the Sebi bill passed through parliament," says Sebi chairman G.V. Ramakrishna by way of explanation. Others suspect there is more than the obvious to the story. "There are enough people with a vested interest in the perpetuation of the present system," says a Bombay-based broker.

Surprisingly, the major stock exchanges are reportedly in favour of a fully-armed Sebi. "I have absolutely no doubt in my mind that Sebi should be granted full statutory powers," says Bombay stock exchange executive director M.R. Mayya. It is only the Delhi and Calcutta exchanges that are refusing to fall in line.

Then, of course, there is the opposition from sections of the government bureaucracy — the Company Law Board and the controller of capital issues, for example — who are wary of trespassers on their turf. According to Dalal Streeters, even the merchant bankers and some of the powerful mutual funds are not too impressed by Sebi's muscle-flexing.

TOOTHLESS WATCHDOG

The upshot: though Sebi was established in April 1988 it is even today a severely-restricted organisation. The watchdog has no teeth. The bark of the defanged Sebi has, however, been sweet music to the ears of the small investor. Especially since Ramakrishna came to the helm. Using all the limited powers at his disposal, he has managed to introduce a modicum of laws in the anarchic capital markets. "The free market is not a free-for-all market," says Ramakrishna.

As Sebi gears up to protect investors, some broad contours of its prospective course of action are already visible in recent pronouncements. The various policy initiatives taken by the regulatory body are a good enough indicator of how it plans to go about controlling stockmarket malpractices and protecting investor interest (see box p 52).

First, there is the question of the mode of regulation. "The worldwide model is of a three-tier regulatory system — the various stockmarket players, their own self-regulatory organisations (SROs) and an apex regulatory body," notes Mayya. Sebi too seems to prefer this model which will leave the nitty-gritty of regulation to the various SROs. Already the Association of Merchant Bankers of India (Ambi) has been sounded out on this issue. As yet, nothing concrete has materialised. In fact, Ambi is reportedly not too keen to be controlled by Sebi. "Though there is no question that regulation is necessary, we must ensure against an all-powerful Sebi which is run on the whims and fancies of its chairman," notes a merchant banker. But it is precisely this that the SRO will do — act as a countervailing power to Sebi.

With the merchant banking SRO failing to take off as yet and SROs for other stockmarket participants hardly being discussed, it will be some time before the three-tier system is brought fully into play. Till then, it is Sebi alone that will have to bear the burden of investor protection.

MAYYA: *Favouring a three-tier regulation system*



"WE WANT MORE TRANSPARENCY"

Capital markets have not been the same ever since G.V. Ramakrishna came to the helm at the Securities & Exchange Board of India (Sebi). Though he once described himself as a "toothless tiger," the soft-spoken Ramakrishna has striven to introduce fair play into the markets. In an exclusive interview with BusinessWorld, *he shares his views on a whole range of issues involving investor interests. Excerpts:*

■ On Sebi's role in the new deregulated environment.

Sebi's responsibilities will continue. In fact, they may increase. A free market is not a free-for-all market. But our objective is not to control; we want to lay down regulations to ensure greater transparency in capital market operations. There is far more regulation in the most free capital market countries — far more than what we even propose to do.

■ On the self-regulatory organisation (SRO) mode of regulation.

The SRO system has its advantages. Most importantly, it brings about a sense of self-discipline. Deviations from accepted norms of behaviour are acted upon from within the particular fraternity. Responsibility is automatically inculcated. That way, Sebi's work is minimised. We move in only if the SRO fails or the violation is outside the ambit of its powers.

I had suggested an SRO for merchant bankers in January 1991. Unfortunately, they haven't gone about doing it so far. In these circumstances, Sebi will be forced to carry out its entire regulatory role.

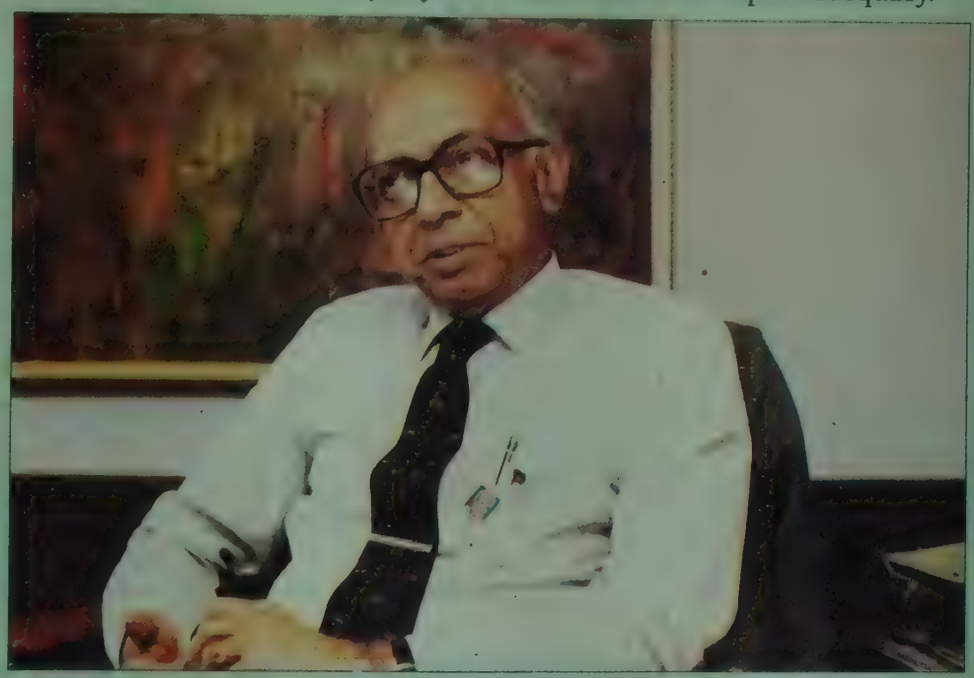
■ On insider trading.

We want to propose a law against insider trading. But it is not an easy matter. For example, in the UK, over the decade, there have been only six or seven prosecutions. At 20%, the success rate is very low. But the proposed law can be a deterrent against rampant insider trading. But we need a lot of other disciplines in the trading system. Greater overall transparency is needed. Everyone involved, not just the members of the governing board, should have access to information.

■ On mutual funds and privileged information.

In other countries, there are Chinese walls between mutual funds and financing institutions like banks. Otherwise, the mutual funds may get access to information which is unavailable to others.

We have proposed that parent banks should be at arms length from the mutual funds. The chairman of the bank should not be connected to the mutual fund and the majority of the fund's trustees should be outsiders. The fund managers should be independent — not liable to be transferred back to the commercial bank. Only after such Chinese walls are set up can we try to examine allegations about insider trading by mutual funds.



■ On the role of financial institutions (FIs).

The FIs are in the business of only selling their holdings. Insider trading is possible only if you have access to buy and sell decisions. But the problem will be compounded if the FIs set up mutual funds.

■ On takeover norms.

We have just put out a comprehensive first draft on takeovers and have invited comments from all relevant organisations.

■ On institutional membership of stock exchanges.

Institutional membership is a red herring and essentially a non-issue. There are very few institutions and they have so far been acting only on their own behalf. So how are they going to serve the large investor population? I think the scope should be enlarged to corporate members, including institutions. Of course, there will have to be strict conditions like capital adequacy.

■ On misleading unaudited six-monthly results.

Unaudited means not audited by external auditors. But the company's finance department and directors should have a look at them. These people should be responsible for what is published. We have suggested this and very soon it will be done. Clause 41 of the listing agreement will have to be amended.

■ On investor insurance.

We are trying to work out such a scheme with General Insurance Corp (GIC). We have requested the stock exchange authorities to give the relevant information to GIC so that they can quantify the risks.

EARLY STEPS

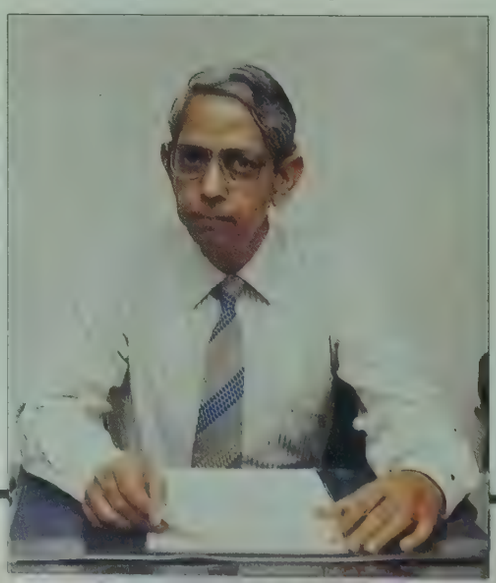
- Since its inception, Sebi has been directly receiving complaints from investors. Hopefully, an empowered Sebi will do something about them. The worst offenders are currently brought to the notice of the department of company affairs.
- Sebi has advised stock exchanges to use their powers under the listing agreement so that allotment letters and refund orders are sent to investors within the requisite time.
- Sebi has asked the department of company affairs to authorise a Sebi officer to file complaints for violations of the Companies Act involving investor interests.
- In line with the recommendation of the Abid Hussain Committee, Sebi has supported the proposal to introduce non-voting shares.
- To improve disclosure standards, a revised format for half-yearly unaudited results has been suggested.
- Disclosure norms for prospectuses, balance-sheets, rights offers and publicity material have been tightened.
- The finance ministry has empowered Sebi to authorise merchant bankers on the basis of criteria like code of conduct, responsibilities and capital adequacy.
- Similarly, all mutual funds other than UTI have to register with Sebi which can prescribe disclosure and reporting requirements.
- Sebi has advocated a revamping of stock exchange boards. Further, corporate and multiple membership is supported.
- An authorisation criteria for brokers has been proposed by Sebi. Unofficial intermediaries, including sub-brokers, may soon come in Sebi's net.
- Five investor associations have been provisionally registered with Sebi to represent investors.

With this, Sebi will be having enough on its plate, what with the stockmarkets sometimes ominously resembling gambling casinos. What are the main problem areas that Sebi has tried to sort out?

The process of leading the gullible investor up the garden path starts almost from the point of first raising money to finance projects, real and imagined. The spate of megaprojects cleared in indecent haste during the last days of the previous Congress regime is a case in point. Mega issues soon merged into megascams. Raw material sources were not tied up. Lukewarm responses to issues were misadvertised as oversubscriptions. Heavy premia were managed. Money collected was diverted into speculation and the financing of takeovers. Prospectuses covered up more than they revealed. The result: the megamania petered out and investors were left to foot the bill.

While the madness of mid-1989 was most probably an extreme point, such primary market scams are hardly rarities. Sebi has already taken steps to ensure that they become so. Merchant bankers can, hopefully, no longer twist the truth to profit. While Cifco (Champaklal Investment & Financial Consultancy) director Nayan Shah rightly points out that the onus in such cases should not be on the merchant banker alone, but equally on the company, the guidelines issued by Sebi for merchant bankers may go a long way in preventing a repeat performance of 1989. (However, Sebi, with a touch of naivete, has asked the financial institutions (FIs) to monitor use of public issue funds of over Rs 50 crore, forgetting the dubious role played by the FIs during the mega issues.)

VERMA: *Not privy to bank information*



The secondary market too presents enough problems for the investor. "Sebi's attention is diverted to the primary market. The secondary market has also to be reformed," says G.S. Patel.

As far as the secondary market is concerned, one of the biggest problems is rampant insider trading. Already, the department of company affairs has been approached to make insider trading a cognizable offence. There is, however, one problem area — whether the various mutual funds have access to privileged information from their parent banks who finance projects. "There is no such connection. I am not concerned with what the commercial bank is doing," says SBI Mutual Fund chief M.S. Verma. While Sebi is taking steps to ensure that it remains so (see interview), Ramakrishna feels that the US Glass-Steagall Act (which prohibits banks from underwriting and dealing in corporate securities) is not relevant to India.

TAKEOVER CODE

To protect investors and maximise their returns during takeovers, an elaborate takeover code is being formulated. Cosy deals which leave out the small investor, as in the Larsen & Toubro affair, will hopefully be a thing of the past. And beyond all this, the unregulated part of the Indian capital market — from sub-brokers to unofficial trading centres — will be brought within Sebi's control if the recent recommendations of the Ajit De Committee are put into effect.

As Sebi tries to protect the investor, one cannot fail to realise that the key factor is transparency in operations. Markets work best when relevant information is readily available. For the sake of equity, Sebi will have to be empowered soon. For this, the current maze of legislations — the Companies Act, Capital Issues (Control) Act, Securities Contracts (Regulation) Act — will have to be replaced by a comprehensive legislation. "With such synergy, we can have less, but more meaningful, control," says Ramakrishna.

But beyond the controversies, one thing is sure. Control is urgently needed. Currently, the country's capital markets are behaving like roller coasters. It will now be up to Sebi to see that unfortunate investors are not taken for a ride.

□ Niranjan Rajadhyaksha

CORRUPTION ON THE QUIET

SHARU S. RANGNEKAR



Corruption, apart from the moral angle, is undesirable from the management viewpoint in that it distorts the direction of managerial efforts and reduces the moral authority of the manager. However, corruption is likely to continue to be part of our corporate culture. Therefore, many executives are concerned not with avoiding corruption but surviving it.

On studying successful executives, the following three-point plan to survive corruption emerges:

■ **Minimising the squeal-benefit ratio.** Every corrupt deed raises a squeal, that is, talk about corruption. Sometimes a corrupt deal with a small benefit can cause a lot of jaw-jaw. On the other hand, one involving substantial benefits might not raise more than a whisper. The executive should estimate this squeal-benefit ratio and try to minimise it.

There are four categories of benefits from corruption:

□ Direct monetary benefits.
□ Indirect monetary benefits.
□ Jobs for kith and kin.
□ Opportunity for 'dalliance' with the opposite sex.

Of these, the last is likely to raise the loudest squeal. Executives who unduly favour members of the opposite sex within the organisation are likely to be the butt of this. Freebies through contractors, suppliers and advertising agencies are less risky. However, on the whole, womanising (and its counterpart) raises a lot of stink — much of it because of jealousy. It has the greatest adverse impact on the executive's moral stature.

Executives should try to avoid corruption. But sometimes they have no other option

Direct monetary benefits (purchasing on a kickback basis, for instance) is an area where discrimination plays a big role. The small suppliers feel the pinch most and go around yelling about corruption. Pareto's law of 80:20 is applicable here. One can have the cake and eat it too (make money while having a good reputation) by taking bribes from 20% of the larger suppliers and refusing them from the remaining 80%.

Compared with direct benefits, indirect monetary benefits do not generate much heat. These include taking shares from the promoters' quota and accepting invitations to address conferences, conventions and the like where the organisers pay the bill.

Providing for kith and kin is considered a moral obligation in India. However, providing jobs in the executive's own organisation creates a lot of talk. Arranging with another executive from a different company on a quid pro quo basis is a little more discreet.

■ **Cultivating the *Khane-Khilanewale* image.** The maximum talk about corruption starts in the organisation itself — particularly from subordinates and colleagues. Jealousy, rather than morality, plays a major role in this. In the case of the boss, the feeling that the subordinate is enriching himself is similar to the feeling of being made a cuckold. So it is wise to share the gains with the boss, colleagues and subordinates.

This gives the executive an image of being a *khane-khilanewale* (roughly translates as a taker and giver) — which is almost a positive image in Indian culture. An executive monopolising the gains of corruption creates resentment and is sitting on top of a volcano. Many executives have been ruined by the eruption of such volcanoes.

■ **Avoiding conspicuous consumption.** Since the green-eyed monster plays an important role in the fallout caused by corruption, it is important to ensure that one's lifestyle does not arouse jealousy. Controlling one's wife is vital as most women are tempted to 'show off' their assets. In Indian culture, the wife feels she must demonstrate the prosperity of her husband.

The corrupt executive must take special care to see that his assets are not conspicuous or that his spending is seen as lavish. Some tips in this regard:

□ At any office party, ensure that your wife's sarees and ornaments are distinctly less expensive than those of your boss' wife and more or less on a par with your colleagues' wives.
□ Do not own a car, TV, air-conditioner or VCR which is costlier than that owned by your boss or colleagues. If you are keen to have them, announce that it is a gift from your brother or brother-in-law — preferably someone who is settled abroad so that this aspect cannot be easily checked.
□ Do not appear to be consuming costly food or liquor. It is wise to put scotch whisky in a Peter Scot bottle and drink it — or serve it to guests. Most people will not notice the difference.
□ Do not build a palatial house. It is safer and ultimately more convenient to have two-three moderate flats. If you are keen to build a big house, do not build it in the city you are working in.

To conclude, an executive should avoid corruption — as it always involves the risk of exposure and loss of stature. However, if he has no alternative, he can improve his chances of survival by minimising publicity and jealousy by controlling the squeal factor, sharing benefits and avoiding conspicuous consumption.



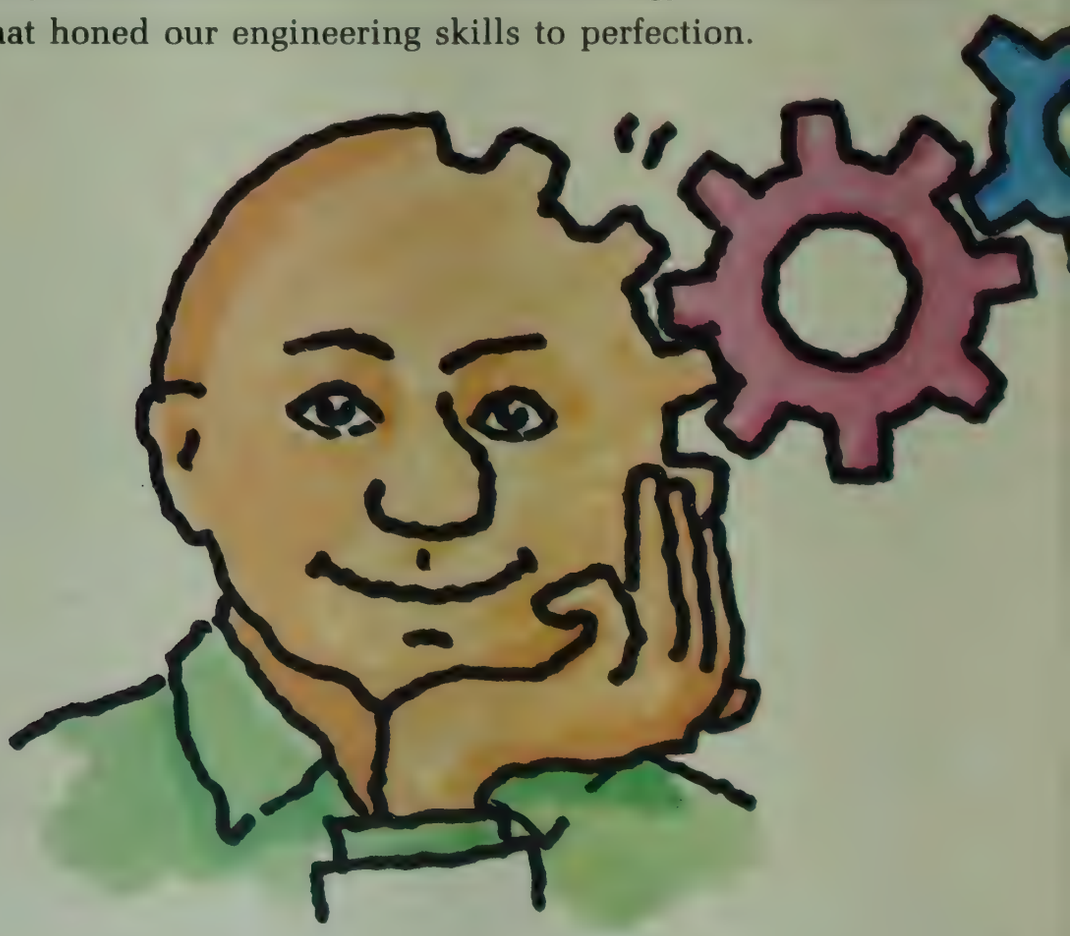
• *The author is a Bombay-based management educator and trainer.*

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These pumps are used for cooling water circulation; an operation so critical that a single failure of the pump would bring the whole plant to a grinding halt. And there is no stand-by pump.

A silent tribute to KBL dependability.

Our advanced metallurgy and up-to-date machining techniques not only brought in a flood of similar orders from other thermal power plants, but also a challenge from the Municipal Corporation of Greater Bombay. To design and commission a battery of seven massive vertical turbine pumps, to supply 75 million gallons of drinking water per day, to one-third of Bombay's population. A challenge we met to the utmost satisfaction of the M.C.G.B.



As a result, a repeat order for seven similar pumps was placed with us. On completion of this order, KBL pumps would be supplying drinking water to half of the metropolis.

Interestingly, our one-track mind has helped us to diversify successfully, into sophisticated machine tools, hermetic compressors, valves and turnkey project engineering.

It also reminds us, never to rest on our laurels but continue our quest for perfection. Ceaselessly.

KIRLOSKAR BROTHERS

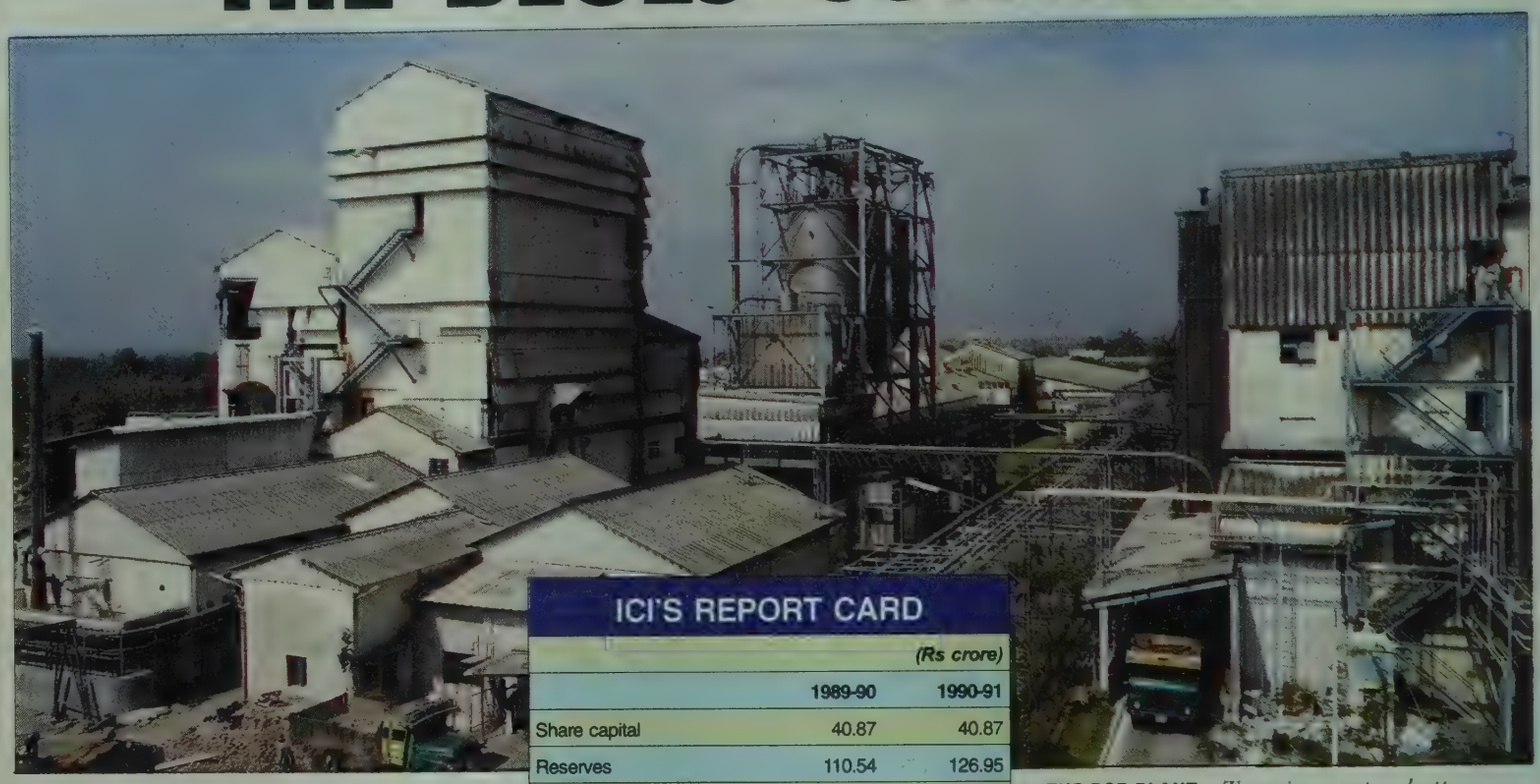
PUMPS & VALVES
HERMETIC COMPRESSORS
MACHINE TOOLS
PROJECT ENGINEERING
EXPORT HOUSE

Kirloskar

PRATIBHA-91-503

ICI is on a better wicket but...

THE BLUES CONTINUE



ICI'S REPORT CARD

		(Rs crore)
	1989-90	1990-91
Share capital	40.87	40.87
Reserves	110.54	126.95
Loans	176.65	181.31
Net fixed assets	201.98	182.75
Investments	37.92	37.96
Net current assets	122.29	162.59
Income	644.86	758.17
Profit/(loss) from operations	(12.19)	1.77
Exceptional items	—	18.89
Profit before tax	(12.19)	20.66
Tax	—	—
Dividends	—	—

Source: Annual reports.

THE PSF PLANT: *Turning out a better showing*

It was supposed to emerge as a leaner outfit with a lot more verve and vitality. But shedding its underperforming assets doesn't seem to have done much for ICI India. The bottomline blues continue.

On a turnover of Rs 758 crore for the past financial year, ICI India revealed a minuscule operating profit of Rs 1.7 crore. By any yardstick, this is a poor show for a company which is the biggest multinational in India in terms of actual assets on the ground — a giant fertiliser plant, a dominant marketshare in the manufacture of industrial explosives, and a number of other large divisions engaged in making diverse products such as paints, rubber, chemicals, polyester staple fibre (PSF), pharmaceuticals, catalysts and other chemicals.

The disappointing financial performance in 1990-91 is actually in line with the trend for the past three years — a period during which the company has had to cope with a low profitability, high-cost syndrome. In part, the difficulties stem from the environment, where excessive regulations or prices administered by the government disallow sufficient returns, despite operational efficiency.

But some problems have been self-created by the company itself in making what turned out, with hindsight, to be an ill-timed investment of Rs 60 crore in expanding its PSF capacity.

Surprisingly, the current year, even with its uncertainties and possible economic slowdown, may hold a little more promise for ICI. This is because policy and marketplace changes have been largely positive for the company's various businesses. This is especially true for PSF, which has for a long time made heavy losses. Besides, the new industrial policy may open up opportunities, though a note of caution should be struck, because the fine print is yet to be made public. All the same, after a number of years of stagnation, it is just possible that ICI may be seeing light at the end of the tunnel.

The company's PSF division best illustrates this coming-out-of-the-woods scenario. In 1989-90, the division suffered a Rs 25 crore loss after depreciation, largely because the plant operated at one-third its post-expansion 30,000 tonnes per annum (tpa) capacity. In 1990-91, the capacity utilisation improved to 50%. With the supply-demand market balance for PSF somewhat better, the current year's target has been set for 20,000 tonnes, including some exports. While fingers must be kept crossed, especially in the face of the increase in prices of inputs like purified terephthalic acid (PTA) and monoethylene glycol (MEG), a small operating profit for the division may still be possible if targets are met.

Nevertheless, fibres may continue to remain a bit of a problem. Past perversity in government licensing policy, and what is seen by the rest of the industry as a cosy understanding between producers of the input materials (chiefly Reliance and the public sector Indian Petrochemicals

"PROSPECTS ARE BETTER"

ICI managing director George Ewart, a chemist by training, took over the reins just about a year ago from Philip Daubeney, who had a long, eight-year stint in India. Though relatively new in ICI India, Ewart has had time to familiarise himself with the company and its environmental problems. His role, as he sees it, is to provide effective leadership. Excerpts from an extensive interview:

■ On whether ICI India's troubles are, to a degree, of its own making.

This is perhaps true, simply because some other foreign companies in this country are doing better. We have certainly been overmanned. Perhaps we tended to remain in an ivory tower — the earlier years were good, and a gulf may have grown between the management and the rest. But then, historically, we have been four different companies, later merged. Today, the headquarters may suffer a little from lack of visibility, but such decentralisation of decision-making to the unit level is a must from the operating point of view.

■ On the company's performance in 1990-91 and prospects for the current year.

There has been a 16% sales growth last year, and improved profits in most of the businesses. Interest costs have been reduced, fixed costs' increase is below the inflation rate, and manpower reductions continue. Currently, the explosives division is a bit of a problem, but fibres may perhaps just have seen the worst. We hope that we shall do better in 1991-92 compared to last year.

■ On the policy changes recently.

Of course, there are some major effects on our company's businesses. The concept of fertiliser subsidies being reduced is right, but the industry is particularly bedevilled with politics. We hope that the dust will settle. And overall, the changes in the industrial policy and promises of the Foreign Exchange Regulation Act (Fera) and the Monopolies & Restrictive Trade Practices (MRTP) Act being liberalised could perhaps mean opportunities. We will have to wait for the full implications to emerge.

■ On whether the fibres division may be sold.

Currently, the prospects are better, and there is no such immediate move. As in the UK, ICI India's strength is the totality of its business portfolio — the "flywheel" concept, where each part has a linkage with the others. Logically, therefore, sales of bits and pieces will only be a last resort action.

■ On current organisational preoccupations.

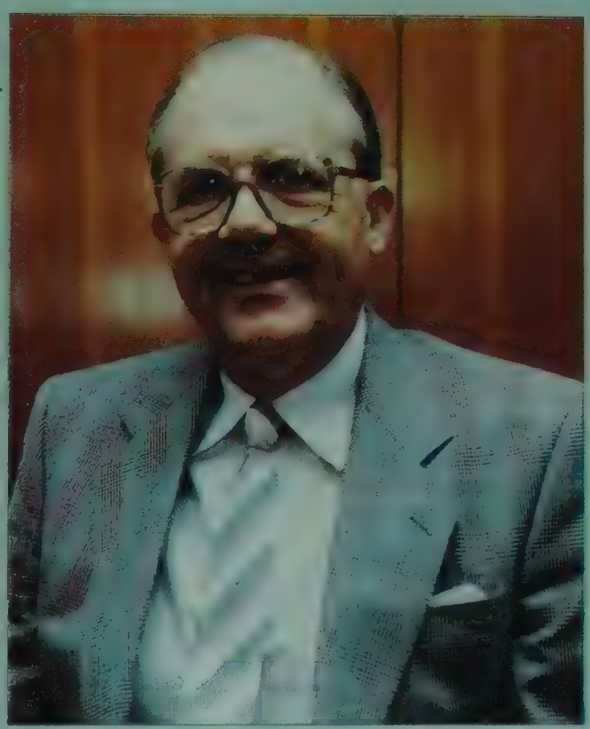
There has to be communication down the line in order to gain commitment and involvement. This needs to be followed up. Responsibility needs to be assigned. A balance has to be struck between telling people that currently things are bad and, at the same time, obtaining high morale throughout the organisation. But in the end, the buck has to stop somewhere, and it has to stop with me.

We need to continue to focus on our customers, control costs, and save working capital. Overmanning must be tackled. Future investments must be selective, and underperforming assets disposed of. My role must be to make clear and transparent decisions, and give a lead.

■ On India as an investment area for ICI.

There are a number of concerns we face. The performance of the country in trying to attract foreign investment has been, in the past, disappointing. As in-built non-competitiveness has grown up in the economy, we are concerned about the risks to intellectual property. Moreover, today, eastern Europe, the Soviet Union and some South-east Asian countries are trying hard to attract investment. India's current effort has to be in competition against these other countries, and has to be set against this backdrop.

However, ICI has been in India since 1911, and the Indian market,



with which we are well acquainted, is potentially very large. We have Rs 500 crore worth of investments pending in our various applications. And we remain the largest foreign company in this country in terms of assets on the ground.

Corp) have translated into very high costs, which government duties make much worse. Demand growth, therefore, will hardly be at the pace warranted for India's huge population. But given that profitability is improving somewhat, there is no longer any immediate likelihood of ICI India selling off its PSF division. Market rumours that Dhirubhai Ambani is eyeing the unit merely underline the improved prospects for the whole industry.

It is a similar mixed outlook for the company's giant fertiliser division. Here, operating efficiencies have traditionally been high, but in 1990-91, the company's Panki (Kanpur) unit touched the all-time high of 99% capacity utilisation. Sales and pre-interest profits improved over the previous year by 11.4% and 17% respectively. And with the latest changes in subsidy policy, where the industry has to make higher recoveries



RAHA: *Voicing a concern*

directly from the farmer, companies with older, depreciated plants (like ICI) have a better chance of holding their heads above water.

The obverse side of all this is the possibility of demand resistance to higher prices, especially because of the hopeless politicisation of the matter; and because the rains in north India (till recently) have been insufficient. Moreover, the government's parlous financial condition makes subsidy payments long overdue, increasing the inventory-carrying costs for the industry. Currently, ICI has some Rs 40 crore outstanding in subsidy payments receivable.

Explosives is another problem area for ICI. This is surprising, given the company's earlier monopoly, continued international technological leadership and market dominance. The trouble is that while in past years there was a single manufacturer for the product (ICI itself), for a very long time there has been only a single dominant customer — Coal India. With the nationalised coal industry on a continued downslide, payments are late (currently, it owes some Rs 15 crore to ICI), and worse, there is continuous arm-twisting about prices. Attempts by ICI to introduce newer generation products have meant little because Coal India is an organisation where there is all-round shoddiness of technological standards, and systems have collapsed. Therefore, despite ICI's explosives division's sales growing from Rs 78 crore in 1989-90 to Rs 89 crore in 1990-91, profits have virtually disappeared.

The silver lining is in the performance of the other divisions. Rubber chemicals has seen a smart growth in profitability, new products are in the pipeline and capacity is being almost doubled; agrochemicals (pesticides) is turning into a major revenue-raker with sales at Rs 32 crore in the latest year; pharmaceuticals, with a Rs 20 crore turnover, may yet reap benefits if the new drugs policy gives some leeway; and speciality products, with well-timed small investments and sales currently at Rs 22 crore, continue to contribute chunky profits.

The mixed picture which emerges for ICI for the current year shows that better operating profits may possibly be achieved. So far, in the past three years, the company has been buoyed up by sales of underperforming assets — the polythene division, and Crescent House in Bombay. In 1990-91, the company may be able to take into its financial accounts the sale of certain residential properties in Calcutta. The inflow of funds may be sorely needed at a time when finance costs are on the up and up. While there are some attempts to control interest costs (in 1990-91, ICI paid Rs 33.8 crore against Rs 35.4 crore in the previous year, on a 16% increase in turnover), the company is still relatively highly geared.

Currently, the major preoccupation for the company is to nurse its existing businesses, while being alert to possibilities of future selective investment. Despite its acknowledged technological strengths, ICI has been somewhat disappointed in the recent past in trying to expand its businesses in India. A number of project applications have been pending with the government for a long time now (see table: New Frontiers) which require a total of over Rs 400 crore in investment. There has been some indication that the acrylics licence may be coming through soon, but the political uncertainties at New Delhi make it impossible to predict any firm dates.

It is just possible that under the new industrial policy, polyurethane may now be delicensed. Also, ICI could perhaps undertake the manufacture of polyester filament yarn (PFY) at its Thane PSF plant. The commercial logic for this is simply that PFY has a better supply-demand equilibrium in India, and, therefore, better realisations. If PFY manufacture is actually undertaken, ICI may have to invest another Rs 100 crore at Thane for the polymerisation processes.

There is another area of promise in seeds, which ICI plc has gone into as an extension of its agrochemicals business. Large investments have been made by the international company in R&D, and, even in India, a research station has been set up in Bangalore for cereals and oilseeds. However, a concern voiced by executive director Sekhar Raha is about intellectual property laws in India. "I feel strongly that unless these laws are changed, India will not go very far in attracting foreign investment, and will also lose its own best technical talent to companies abroad," he says. "While first-class talent is available here, Indian R&D tends only to be imitative or engaged in the useless exercise of trying to reinvent the wheel."

During the years of prolonged stagnation, ICI India itself has lost some of its promising talent. Today, new projects may gradually fructify, but this will take another three-four years. In the meanwhile, as managing director George Ewart admits (see interview p.57), the company will have to continue to struggle to earn every rupee of profits, and hope that the current difficult phase will help it emerge stronger in the future.

□ Subrata Roy

NEW FRONTIERS

Product	Proposed investment (Rs crore)	Date of application
Polyols/polyurethane	20	March '88
Acrylics	100	May '89
MDI	300	November '89
Karate	5	November '89
Catalysts	3	March '90
PFY	100	October '90

Source: The company.

ICI'S BUSINESS SPREAD

	Net sales (Rs crore)		% increase in 1990-91	
	1989-90	1990-91	Sales	Profit before interest & tax
Fertiliser	264.00	294.10	11.4	17.1
Catalysts	3.70	5.40	45.9	70.6
Explosives	78.00	89.00	14.1	—91.4
Paints	69.80	76.30	9.3	2.3
Rubber chemicals	40.00	45.70	14.3	54.3
Agrochemicals	28.30	32.00	13.1	32.4
Pharmaceuticals	14.00	20.40	45.7	+
Fibres	58.70	82.40	40.4	+
Specialty products	19.70	22.10	12.2	30.8
Total	**576.20**	**667.40**	**15.8**	**60.6**

+ A loss was reported in the previous year.
Note: Figures are consolidated and may not match those in the annual reports because of adjustments like rebate, among others.
Source: The company.

NEW COATES

French megacorp Total has recently acquired a 40% stake in Coates of India, opening up new vistas for the Indian company

Momentous changes are afoot at the Calcutta-headquartered Coates of India (sales: Rs 60 crore), the not-much-known-about printing ink company which straddles its fast growing (at 20% per annum), 405 unit strong industry like a colossus with an estimated 20% market-share. Not the least of these is last month's elevation of P.K. Dutt as managing director, after the end of S.K. Malkani's 14 year tenure.

"Our company, along with the industry, is on the threshold of fantastic growth," enthuses Dutt, who has come a long way in Coates since joining as a chemist in 1970 after obtaining a doctorate in polymer chemistry from Calcutta University. The rapid expansion of consumer non-durables usage in the country has put the packaging sector on a fast growth track. Coupled with more and more branded packaged foods — from soup to chips — entering the market, it is hardly surprising that Coates has doubled its turnover in the past four years. According to Dutt, the short to medium-term future promises an even faster pace of growth.

Thanks to what Dutt calls an "integrated product management" approach, Coates has been steadily gearing itself for the upswing. A new factory, the company's third after Calcutta and Bombay, was commissioned in 1990 at Noida (near Delhi), while a captive unit (with an independent corporate identity) went onstream at Bangalore in March this year. "Besides, our manufacturing systems are being consistently upgraded with modern equipment, electronic colour matching systems and total quality assurance," he says.

For reasons partly historical, Coates has always been the No 1 company in its industry. Even now, it is well ahead of its nearest rival J.B. Advani & Co, which is approximately only one-third its size. An attribute of its leadership status is that Coates' inks are sold in all parts of the country. "Because our inks give more runs, better coverage and colour consistency from batch to batch, prestigious publishing houses prefer to buy from us," adds Dutt.

But that's only the beginning of what promises to be a new chapter in the nineties in the history of this 44-year-old company. Last year, Coates' London-based overseas principals Coates Brothers (holding just below 40% equity in the Indian affiliate) was acquired by the French petroleum megacorp Total (1990-91 group turnover: FFr 128 billion).

As a result, Coates of India today is part of Total Chimie, the FFr 18 billion Paris-based speciality chemicals division of Total, with worldwide interests in ink, can coatings and resins, amongst others. Interestingly enough, a significant 20% minority stake has been held by ITC's investment subsidiaries since 1976. (Since then, an ITC nominee — currently J. 'Nari' Narayan — has held office as non-executive chairman of Coates of India.)

It so happens that despite its giant size, Total hitherto has never had any business interests in India. Its recently-acquired indirect stake in Coates of India opens up new vistas which group strategists are already excited about. Dutt has already been to group headquarters to review the scenario. He confirms that Total's management is "actively interested in India." It is following closely the liberalisation moves in this country.

With everything tickety-boo in its mainline printing ink business, Coates' top management team is now worrying about drawing up a "synergetic diversification" blueprint. Dutt lapses into pregnant silence when probed for details though, and is only prepared to say that totally unrelated forays ("We'll not go into real estate, for instance") are ruled out: "We are examining expansion opportunities in allied areas."

Unusually, for a multinational affiliate, Coates is run by a youngish team. Dutt is 49, and all but four of his 14 colleagues in the senior managers' league are in their forties. From the personnel angle, therefore, the company is well geared to take rapid expansion in its stride.

As far as Coates' vulnerabilities go, Dutt concedes the point that its import dependence for raw materials, spare parts and capital goods for modernisation is a drawback given that, printing inks being not amenable to exports, the company has no direct foreign exchange earning capability. To look for a way out, a merchant-exporting division has been set up recently. He points out, nevertheless, that the value of Coates' import substitution in 1990-91 is estimated at a modest but respectable Rs 3 crore.

The somewhat bewildering rapidity of change in a company which has seen decades of staidness is symbolised by the fact that Coates' very contemporary, updated logo launched only last year via a rare media campaign might already undergo a change to reflect the newfound Total connection. It is certain that in the coming years there'll be plenty to watch out for in this young, lean, profitable and delightfully well-run company.

□ Sujoy Gupta

DUTT: *An integrated product management approach*



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Videocon has recently introduced Personal Coolers with resounding success.

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NEWS BRIEFS

■ R.P. Goenka has written to the West Bengal chief minister Jyoti Basu, offering to take over **Durgapur Projects**, according to *Business Standard*. The state government has not given a direct reply yet but has asked for more clarifications from RPG Enterprises, says the report.

■ The Madras Aluminium Co (**Malco**), which has reportedly been asked by the Board for Industrial & Financial Reconstruction (BIFR) to wind up, has submitted a Rs 33 crore fresh rehabilitation proposal to the Industrial Development Bank of India (IDBI).

■ Royal Dutch Shell has sought permission to increase its stake in National Organic Chemical Industries Ltd (**Nocil**) to 51%, according to the *Business Standard*. This follows the new liberal industrial policy announced by the government recently.

■ **Tata Exports** and the Gujarat Agro Industries Corp (**GAIC**) are jointly promoting a 100% export-oriented shrimp farming project in Gujarat at a cost of Rs 8 crore. This will be a major diversification for GAIC and a foray into a new area for the Tatas.

■ Dutch electronics giant **Philips** is planning substantial investments in India following the opening up of the economy, according to *The Business & Political Observer*. As a first step, Philips will set up a unit for manufacturing energy-efficient lighting systems, says the report.

■ Sushil Ansal's **Ansal** group is on an expansion spree, both in India and abroad. The group will execute two construction projects worth DM 7.8 billion in Leningrad (USSR) and another two projects worth Rs 80 crore in Thailand.

On the domestic front, the group will be opening a hotel chain in collaboration with a foreign partner, increase activities in real estate and diversify into new export areas.

ANSAL: *Expansion spree*



■ **Shree Digvijay Cement**, which had been ordered to be wound up by the BIFR in July this year, has put in a bid for a 3 lakh tpa cement plant in Uzbekistan (USSR), according to *The Economic Times*. It is also negotiating with the Soviets for setting up another 1 million tpa cement plant in Turkmenia.

■ Hindustan Electro-Graphites Ltd (**HEGL**), a company belonging to the Bhilwara group, is set to commission its Rs 45 crore sponge iron plant by the end of this year.

■ **Searle (India)**, a member company of RPG Enterprises, has entered into an agreement with **Glaxo India** for jointly-marketing the former's international brand Equal, a low-calorie sweetener.

■ The Industrial Credit & Investment Corp of India (ICICI) has approved a Rs 11 crore rehabilitation package for the ailing **Neycer India**. ICICI is one of the two operating institutions for the revival of the sick company.

■ **Jenson & Nicholson** is planning to set up a new company to manufacture electronic equipment for industrial purposes. **Schenck Carl** of Germany will have a 40% equity stake in the new venture.

■ **Indian Acrylics** is setting up a Rs 190.24 crore acrylic fibre plant in technical collaboration with Du Pont of the US in the Sangrur district of Punjab.

■ Despite the devaluation of the rupee, which has jacked up project costs, **General Electric Plastics India** — a joint venture between the public sector Indian Petrochemicals Ltd (IPCL) and General Electric Plastics BV of Netherlands — is going ahead with its Rs 800 crore plan to manufacture advanced engineering plastics in three phases. The cost of the new venture, earlier estimated at Rs 700 crore, has now gone up by nearly Rs 100 crore. IPCL chairman & managing director Hasmukh Shah will be chairman of the new venture.



SHAH: *New venture*

■ Hyderabad-based Regency Diaper Industries Ltd (**RDIL**) has bagged a Rs 40 lakh order to supply disposable diapers to Dubai (UAE).

■ The Hyderabad-based **Mid-West Iron & Steel Co** is setting up a 75,000 tpa pig iron plant in the Srikakulam district of Andhra Pradesh. Tata Korf Engineering Services is providing technical knowhow for the Rs 40 crore project.

■ Gujarat Narmada Valley Fertilizers Co (**GNFC**) has changed partners for its Rs 360 crore glass shell joint sector project, says *The Economic Times*. Mather & Platt has been dumped in favour of Videocon, according to the report.

■ Larsen & Toubro (**L&T**) is setting up a Rs 55.86 crore plant to manufacture OTS cans in Madhya Pradesh.

■ **Jamna Auto Industries**, which manufactures automobile leaf springs, has signed a memorandum of understanding (MoU) with NHK Spring Co of Japan for the manufacture of coil springs. Jamna Auto hopes to benefit to the tune of Rs 15 crore in exports this year courtesy the devaluation of the rupee and liberalisation of the economy.

■ The Baroda-based **Aircommand India**, which manufactures split air-conditioning systems in technical collaboration with Mitsubishi Heavy Industries of Japan, has procured export orders from Africa and west Asia. The company claims that these orders will cover the first full year of its production target.

■ Lila Poonawalla's **Alfa Laval (India)** has drawn up a Rs 30 crore expansion plan. The scheme, which is under implementation, includes the setting up of an advanced technol-



POONAWALLA: *Quest for quality*

ogy centre at Pune. The centre will allow the company to adapt and absorb technology as per customers' needs.

LAUNCHED

■ Tractor Engineers Ltd (**TENGL**), an associate company of Larsen & Toubro, has introduced a sleeved liner engineered to extend its useful life in reciprocating mud pumps used in earth drilling. Unlike conventional liners, which have a decreasing hardness gradient from the bore, TENGL's sleeved liner is bimetallic.

It is an assembly of liner shell with liner sleeve which gives a constant hardness of 61Rc minimum for the entire cross-section of liner sleeve. The liner shell is centrifugally cast and heat-treated to withstand hoop stresses generated in shrink fitting the liner sleeve and stress reversals during operation.

For further details contact: Tractor Engineers, Saki Vihar Road, Powai, PB No 8913, Bombay 400 072.

■ Training personnel to use expensive and complex equipment is no easy task, involving risks to both man and machine. Simulators reduce this risk considerably.

The public sector Bharat Heavy Electricals Ltd (**Bhel**) has developed a cathode ray tube (CRT)-based **simulator** for 210 Mw boilers for training personnel in power plants. This new-generation director digital control (DDC) system will be incorporated in several power plants coming up in the country.

For further details contact: Bhel, 18-20 Kasturba Gandhi Marg, New Delhi 110 001. Tel: 3311221/210.

AWARDED

■ **HMT** has bagged three All India Productivity Awards for the year 1989-90. These awards, instituted by the National Productivity Council, have been won by HMT's machine tool and bearings units at Hyderabad and the tractor division at Pinjore in different categories.

■ The managing director of the Nagpur-based *Lokmat Samachar* Vijay Darda is to receive the 1990-91 **Feroze Gandhi Memorial Award** instituted by the National Press India. The award is given annually to journalists who have made outstanding contributions. Darda will



DARDA: *Getting recognition*

be honoured for fostering the spirit of national integration and unity through investigative journalism.

■ The president of the Federation of Indian Hosiery Exporters and chairman of the Apeego group of companies Anil M. Goyal has been conferred the **Vijayshree Award** for his achievements in the field of leisure wear.

RELEASED

■ Madras-based Nandini Consultancy Centre has come up with a book which could be useful to entrepreneurs interested in **chemical ventures**. Titled *Guidelines for Investment in Chemical Projects*, the book attempts to give "a true and honest picture to the aspiring entrepreneurs in the chemical industry," according to the publishers.

The book lays down guidelines for investors in the small-and medium-scale chemical industries. It also contains a list of 75 chemical projects which have been recommended for implementation in the small and medium sectors, with particulars on uses, raw materials, economic capacity and project cost.

For further details contact: Nandini Consultancy Centre, M-60/1, 4th Cross Street, Besant Nagar, Madras 600 090. Tel: 4916037/2040.

■ Property worth crores of rupees is lost every year in industrial fires. Most of these fires can be avoided by taking suitable and timely preventive measures. The Loss Prevention Association of India (**LPA**), to increase people's awareness of the hazards involved, has come out with a handy booklet titled *Fire Prevention in Factories*.

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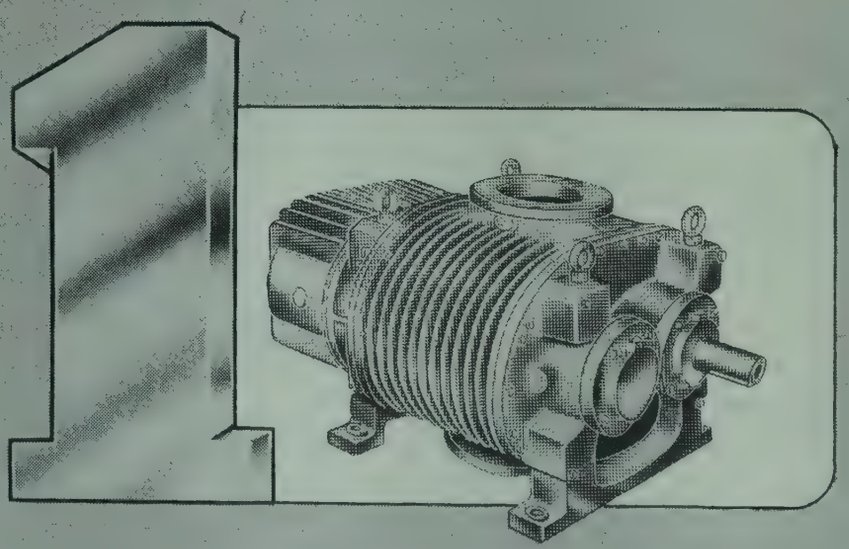
Pride because unstinting hard work, a dynamic vision and a capacity to take on challenges has earned us our place. Commitment to all the industry's leaders who through their consistent faith in us have made us the No. 1

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- I I S C O
- T I S C O

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- A T V Projects
- K C P Ltd.
- Simbholi
- Upper Doab

Textile Mills
- Dalal Engineers
- GRASIM
- Standard Fabricators
- Santogen Mills

Chemical Plants
- GHCL
- Petrofils
- Reliance Petrochemicals
- Shri Ram Food & Fertilizers

Fertilizer Plants
- IFFCO
- IEL
- Indo Gulf Fertilizers
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Consultants
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- PDIL
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The textile industry is on the road to recovery.

SPINNING SUCCESS

There's good news from the textile industry: after a prolonged period of stagnation, this sector is on the way to recovery. Industry sources concede that through 1989 and on to 1990, there has been a considerable improvement in the working of the spinning mills in the country.

"The production of cloth by all the three sectors of the textile industry — the organised mill sector and the decentralised sector comprising handlooms and powerlooms — has increased by 4.4% in three years to reach 18,722 million sq metres. In particular, the output of cotton, blended and synthetic yarns went up by 7.4% during this while to reach 1,639 million kg," notes S.K. Hada, president of the Calcutta-headquartered Eastern India Textile Mills' Association which held its 57th annual general meeting recently.

According to Hada, the recent recovery trend "has been lately marred" by one jarring factor: the abnormally high prices of cotton ruling for the past six months. "Since December last year, the prices of almost all varieties of cotton have been continuously on the rise mainly due to excess release of export quotas," he says. "Today, the prices are nearly 80% up over December 1990 prices." He suggests a way out: roll back export quotas.

The recent recovery trend in textiles has been marred by the abnormally high cotton prices

Slow modernisation. With margins pared and interest rates hiked, modernisation is taking a beating. Hada maintains that not only have on-going modernisation schemes of textile mills slowed down, but in many cases contemplated modernisation programmes have also been thrown out of gear. Besides, the Textiles Modernisation Fund Scheme (TMFS) operated by the Industrial Development Bank of India (IDBI) has only made halting progress so far. According to official figures, although Rs 1,261 crore had been sanctioned under TMFS (up to November last) in respect of modernisation of 331 applicants, only Rs 621 crore had been actually disbursed in 232 cases.



(FROM L TO R) GEHLOT, HADA & ARDHANAREESWARAN: *Optimistic*

On the other hand, the Abid Hussain committee on textile policy which submitted its recommendations in January 1990 — the latter have not been heard of since — had not only advocated the continuance of TMFS in the eighth five-year plan but also suggested enhancement of its corpus to Rs 2,000 crore. The logic: the need for modernisation finance will only grow in the days ahead.

To lend a patient ear to Hada's reasoning were present both Union minister of state for textiles Ashok Gehlot and the secretary (textiles) K.N. Ardhanareeswaran. Both were sympathetic. In fact, Gehlot disclosed that the ministry of textiles had already sent its recommendations to the planning commission for enhancement of the TMFS corpus from the existing Rs 750 crore to Rs 1,500 crore.

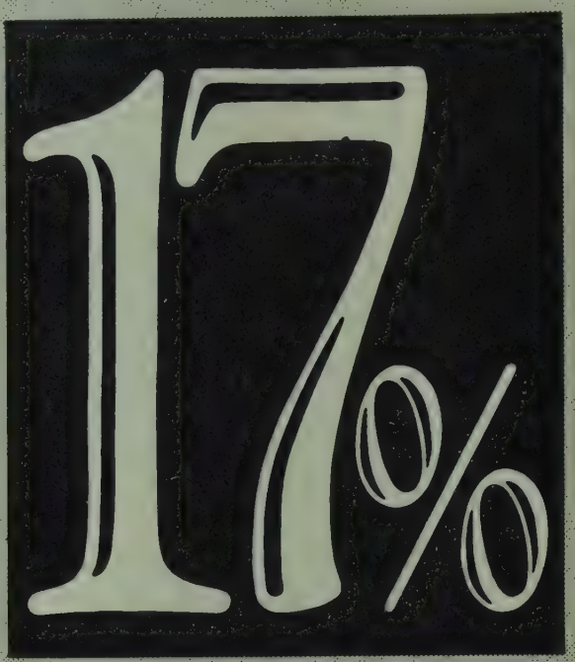
What the government wants in return from this sector is increased exports. For 1991-92, the textile ministry's export target was Rs 12,000 crore at pre-devaluation exchange rates. This figure now stands revised upwards by 18%. By 1994-95 the ministry prognosticates an export level of Rs 26,000 crore and, according to an optimistic Gehlot, the figure should reach Rs 50,000 crore at the turn of the century. "I appeal to all sections of industry including mill managements and labour to jointly endeavour to realise this target," pleads Gehlot.

On his part, Gehlot promises that his ministry will present a revised textile policy in parliament within the next three months: "The new policy will be a cohesive one which would be in the best interests of the textile sector as a whole keeping in view the needs of the mill, powerloom and handloom sectors." He also promises that the Centre will take a decision on the recommendations of the Abid Hussain committee "soon."

Given that the textile industry has considerable potential for employment generation, Gehlot's keenness to do more for this industry is understandable from the politician's point of view. It would be indeed a happy congruence if both the textiles ministry and the industry could each deliver their respective promises.

□ Sujoy Gupta

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ISSUE OPEN

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NEWS BRIEFS

■ The **planning commission** is being stripped of all powers which enable it to interfere with the affairs of industry except in the area of power generation. The commission will no longer be allowed to fix the outlay for every industrial sector, set investment priorities, fix growth targets and reject applications for adding new capacities on the basis of its own demand-supply projections.

■ The ministry of chemicals and fertilisers has decided to do away with the two-tier price regulation system for the **drug industry**, says a *Business Standard* report. Instead, there will be one category of drugs with a markup of 100%.

■ Small and marginal farmers have been exempted from the proposed hike in **fertiliser prices**. The average price increase for others has been reduced from 40% to 30%.



GOMANGO: *Green signal for MNCs?*

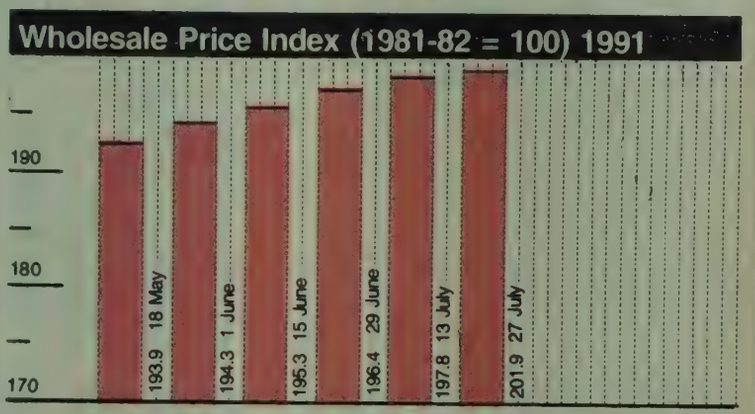
■ The government may allow new multinational corporations to set up **food processing factories** if they promote small-scale units as ancillaries, according to Union minister of state for food processing industries Giridhar Gomango.

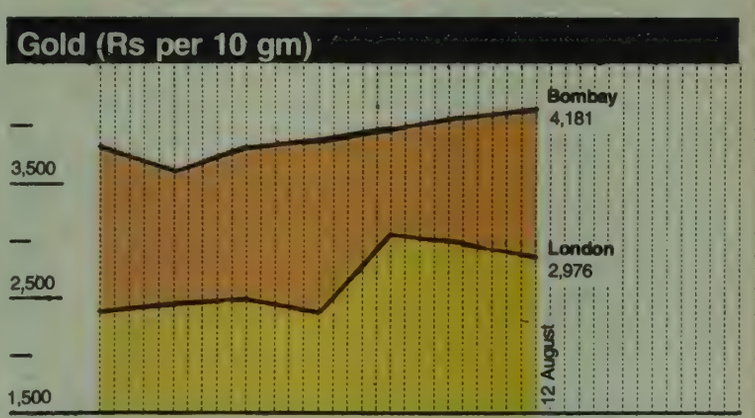
■ Export houses and trading houses will receive additional replenishment (rep) licences at 5% of the fob (free on board) value in addition to the uniform 30% allowed for all other exporters under the new **trade policy** announced in July. Meanwhile, 100% export-oriented units (**EOUs**) and export processing zones (**EPZs**) have been offered more incentives in the supplementary trade package announced in August by Union minister of state for commerce P. Chidambaram. Decanalisation of 20 import and 16 export items is also among the major components of the package.

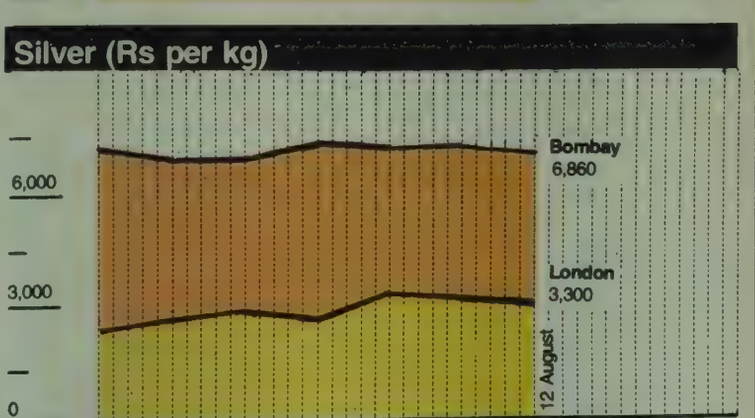
Foreign Exchange Rates (Spot) 1991

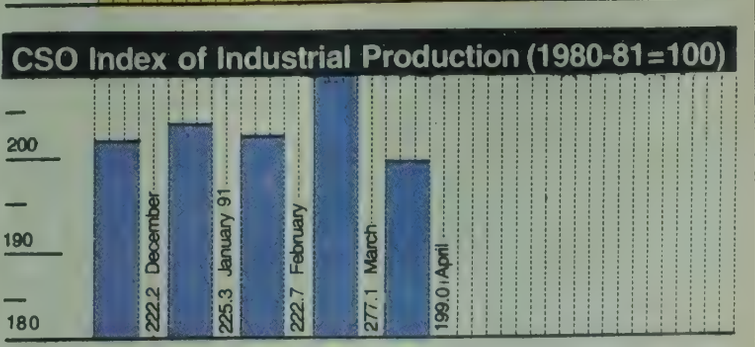
	12 August (Rs)
One P. Sterling	43.90
One US Dollar	25.83
One D. Mark	14.95
One hundred J. Yen	18.90
One Saudi Riyal	6.92
One Kuwaiti Dinar	88.28











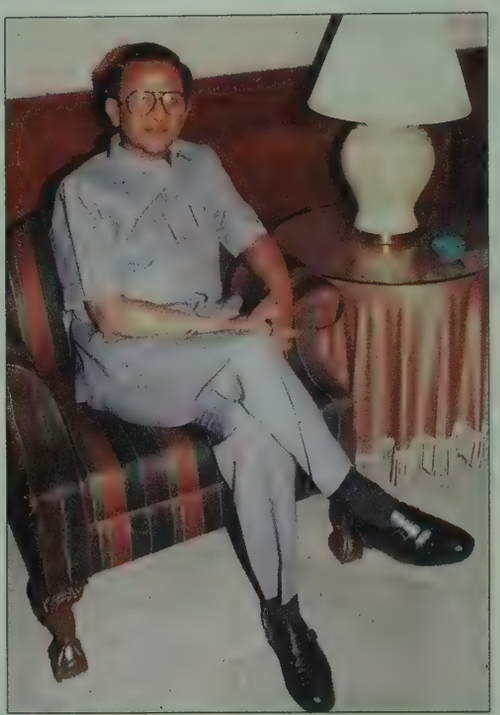
Raja Saboo is on top of the world.

EXPANDING VISION

With his election last month as Rotary International president, Rajendra Kumar ('Raja') Saboo of Chandigarh has lived up to his nickname. As symbolic head of the worldwide 1.1 million strong fraternity of Rotarians, Saboo has got as close to a monarch's status as an Indian is ever likely to reach. Last fortnight, in his maiden homecoming after taking office, Saboo was accorded a splendid welcome all over the country.

The honour is indeed rare. In the 86 years of the Rotary movement, this is only the second time (the first was N.C. Laharry in 1962) that an Indian has headed Rotary International. Saboo has impeccable credentials for the top job which, although honorary, entitles Saboo to occupy for a year the president's official residence in Chicago.

Saboo's theme. Traditionally, every president has to declare a theme to give his vision a shape. Saboo's is 'Look beyond Yourself.' "I would expect each and every Rotarian to rise above the primal feelings of being self-centred; to look beyond the self at the family; to look beyond the family at the neighbourhood; to look beyond the neighbourhood at the city; to look beyond the city at the nation; to look beyond the nation at the world," he explains.



■ **SABOO:** *King of the Rotary ring*

Of the several ongoing Rotary International projects, he focuses special attention on the illiteracy eradication drive and the 'polio plus' programme. According to Saboo, he would like to see the former augmented further by vocational education, while the global polio plus programme will be pursued "with a missionary zeal so that Rotary International can celebrate its centenary in 2005 in a polio-free world." Rotarians have raised approximately $226 million to fund this programme.

Saboo can probably put his managerial acumen to good use in the cause of social welfare. As an entrepreneur, he has a fine track record as founder director of Groz-Beckert Saboo, a Rs 10 crore turnover hosiery machine needle manufacturing company, and chairman of Kamla Dials and Devices (turnover: Rs 5 crore). He is also a non-executive director of the State Bank of Patiala.

Till next July, though, Raja Saboo will be far busier pepping up the Rotary movement worldwide than he has ever been in business. For in spirit and deed he will be well and truly looking beyond himself.

Spartek gets going on its plans.

ADDING SPARKLE

It promised to be a nicer future for Neycer when Spartek Ceramics Ltd's (SCL's) youthful managing director Krishnaprasad Tripuraneni took over the ailing company three years ago. But that rosy future has been a long while in coming. The rehabilitation package being worked out by the financial institutions took a year-and-a-half to materialise. And if they had delayed a little further, Neycer would have been a basket case for the Board for Industrial and Financial Reconstruction (BIFR). Says Tripuraneni: "The major factor in Neycer's revival is the delay in the rehabilitation package. A lot of technical corrections are required at the tile plant." Neycer has a tile plant and a sanitaryware plant at two different locations. While the former is down in the dumps (it's an overpaid and overstaffed situation, says Tripuraneni), the sanitaryware division is making profits.



■ **TRIPURANENI:** *Thinking expansion*

Neycer's tile factory, with a capacity of 25,000 tonnes and now operating at 25% capacity, will add substantially to Spartek's present ceramic tile-making capacity of 32,000 tonnes. "Right now we have a problem of supply because of the restraint on volumes. We took over Neycer only to increase our capacity," says Tripuraneni. When Neycer's tile factory is back to

normal operations, it will make tiles which will be branded as Spartek. Though things were delayed, succour is on its way now with the Industrial Credit & Investment Corp of India (ICICI) clearing a Rs 11 crore rehabilitation package for Neycer. The package is awaiting the Industrial Development Bank of India's nod as well. "Now that we are on the verge of getting the funds, the first priority is to increase productivity and, in the second phase, we will think of expansion."

Meanwhile, in another neat move, Spartek Granites Ltd (SGL), a 100% export unit, has been merged with flagship SCL. A Rs 20 crore project, SGL was set up last year to make ceramic granite tiles. "At that time, we had intended to establish SGL as a division of SCL but our collaborator, Nassetti of Italy, wanted a financial stake which we couldn't give unless it was in a new company," explains Tripuraneni.

Expanded capacity. The share exchange ratio will be two shares of SCL for three shares of SGL. The immediate spinoff from the merger will be an expanded capacity for SCL. "The merger will advance our plans for expanding capacity by two years," says Tripuraneni. There will also be synergies in distribution and marketing for the new avatar. Seeing the success of SCL, which today commands a large marketshare in ceramic tiles and is also the highest priced, Tripuraneni plans to do some deft brand extensions for the granite tiles and also for a yet-to-be-launched tableware project.

SCL's premium tableware project has been a year in the offing and, with clearances not forthcoming, Tripuraneni consigned it to the backburner. In a tieup with a German company, Netzsch, the Rs 30 crore project, to come up in the Godavari basin near Rajahmundry in Andhra Pradesh, will produce 2,500 tonnes of high-end porcelain tableware annually. Some 60% of this will be exported. "We should be launching these products by early 1993," says Tripuraneni. The time overruns have made costs go up by Rs 5 crore to Rs 8 crore.

The ceramic tile industry, feels Tripuraneni, is growing comfortably. "The product is well accepted and the industry should be growing at the rate of 10% annually," he says. But what nags is the high excise component of 55% on ceramic tiles. "The end price for the customer is almost double the ex-factory price." But for Tripuraneni, who started the revolution in the building materials industry, the star trek continues.

B&C Engineering has its hands full.

BUSY & CRUISING

It is putting its best foot forward at last. Best & Crompton (B&C) Engineering has emerged out of the woods following its entry into the UB group fold. With its house in order, the company is venturing into new product lines and upgrading its facilities.

In the pumps arena, B&C has floated a new subsidiary — Beacon Process Pumps — for manufacturing a range of pumps for the chemical and process industries. The project outlay is Rs 5.4 crore and the technical collaborator is Oschner of Austria. In another development, a new joint venture outfit has been flagged off in partnership with Aurora Pumps of the US. This Rs 3.1 crore project will manufacture submersible sewage pumps.

These new forays apart, a major modernisation and expansion programme is being undertaken. The Bangalore foundry's capacity is to be nearly tripled from 1,200 tonnes per annum (tpa) to 3,000 tpa. The Madras foundry capacity is likewise being upped from 3,600 tpa to 6,000 tpa.

B&C's electrical and mechanical division is to start making alternators in collaboration with Meccalte of Italy. The project cost: Rs 5 crore.

Good performance. According to group chairman Vijay Mallya, the company's overseas ventures are doing well and contributing to profits. For instance, the joint venture in Malaysia has bagged projects from the Malaysian Electricity Board and B&C in India is involved in their execution. The joint venture in Saudi Arabia made 'significant profits' last year, adds Mallya.

B&C has also managed to turn around a foundry in Malta which the Maltese government had asked it to run on a profit-sharing basis. "The importance of the Maltese connection is that Malta is an associate member of the European Economic Community and that would mean dutyfree access to European markets moving towards unification by 1992," says Mallya. The Maltese government has now asked B&C to take over another foundry — Hydraulics Ltd.

Turnover-wise, B&C's showing in 1990-91 has been modest. Turnover rose slightly from Rs 179 crore in 1989-90 to Rs 183 crore. "We have laid greater stress on value addition than on turnover," says Mallya by way of explanation. Significantly, profit after tax increased 55% to Rs 2.25 crore from Rs 1.4 crore the previous year. The future, says Mallya, is bright. He knows best.

MALLYA: *The best man wins*



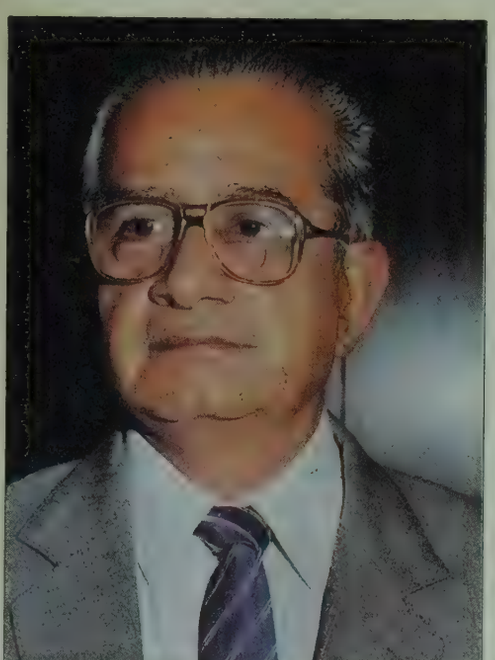
NEWS BRIEFS

■ The finance ministry has cleared the Over The Counter Exchange of India (**OTCEI**) proposal to have **free pricing of shares** to be listed on the exchange. This was a contentious issue in the guidelines issued earlier by the Controller of Capital Issues (CCI).

■ The import of certain open general license (**OGL**) items by manufacturer-exporters, trading houses and export houses has been **exempted** from the requirements of the prescribed minimum **cash margins.**

■ The Reserve Bank of India (RBI) has liberalised **housing finance norms** for private builders by extending the period of credit from 18 months to five years. The condition relating to the maximum period may be relaxed in the case of builders who would like to avail of credit under the National Housing Bank's refinance scheme.

■ The 126-year-old **Allahabad Bank** has drawn up an ambitious **expansion plan.** The prospective areas of operation include merchant banking, lease financing, portfolio management, mutual funds and factoring services



WADHWA: *Ambitious plans*

according to the bank's chairman & managing director R.L. Wadhwa.

■ All the major central banking trade **unions** have **rejected** the prime minister's recent **assurance** that banks would not be privatised.

■ Industrial Finance Corp of India (**IFCI**) will issue bonds worth Rs 180 crore fully guaranteed by the Central government. The **20-year bonds** will carry a 11.5% interest rate.

■ All restrictions on **interest rates** on debentures and public sector bonds, other than tax free bonds, have been lifted. According to the finance ministry, the rate on such debt instruments will henceforth be **governed by market forces.**

■ **Lending rates** of banks are likely to be **increased** marginally to offset the 3% levy on interest income, according to State Bank of India chairman M.N. Goiporia.

■ The recent **devaluation** of the rupee will, among other things, increase the inflow of **remittances,** according to RBI deputy governor C. Rangarajan.

■ The Securities and Exchange Board of India (**Sebi**) has warned the Union finance ministry of an imminent **collapse** of the **stockmarkets**, shaking investor confidence for the second time in 10 months.

■ The **World Bank** has decided on a priority list of **34** development **projects** in India, involving total lendings of more than $5 billion. Of this, $3.4 billion will come from the bank and another $1.9 billion from its soft-loan affiliate, the IDA.

■ The **Pherwani** committee set up by the finance ministry has suggested a **three-tier** system for stock exchanges. Under this, there will be the principal stock exchanges in the metropolises, regional exchanges in the smaller cities and affiliated trading floors in other towns.

■ The Industrial Credit & Investment Corp of India (**ICICI**) will once again enter the capital markets with a Rs 369 crore rights issue of partly-convertible debentures (**PCDs**).

■ Finance minister Manmohan Singh has said that the government was not considering any proposal to allow **American insurance companies** to operate in India. This was one of the key areas of contention during the Super 301 and Special 301 trade controversies.

■ A US senate committee investigating the Bank of Credit & Commerce International (**BCCI**) is inquiring into allegations of huge money laundering, and cheating of the Indian government.



THE BOMBAY BRANCH OF THE BCCI: *Wheels within wheels*

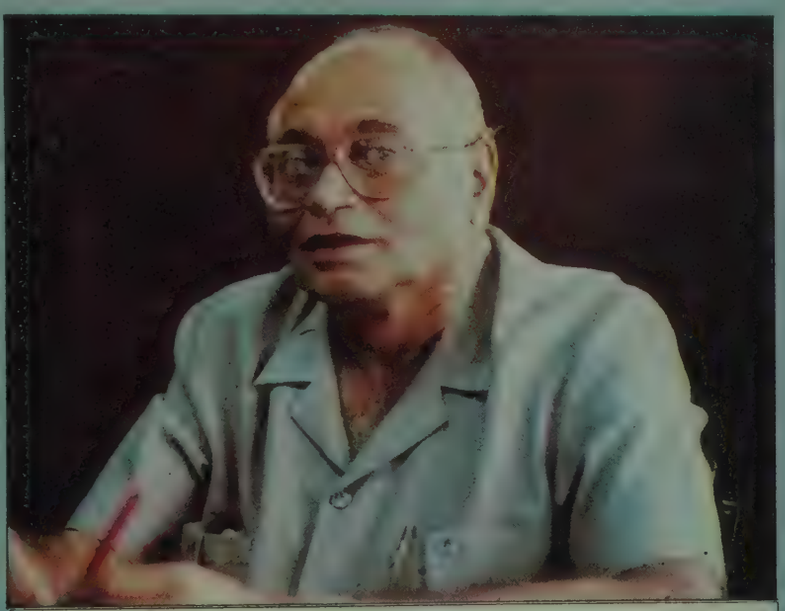
■ The presidents of the major stock exchanges have suggested the recognition of **stockbroking** as a professional service so as to obtain an **exemption** from s.194 H of the Income-Tax Act. The section requires deduction at the rate of 10% of any income by way of commission or brokerage.

■ The government has decided to **abolish** the **export credit subsidy**, raising the cost of funds by nearly 4 percentage points.

■ The Investment Corp of India (**ICI**) proposes to launch a **mutual fund** on its own once the government guidelines are announced, according to ICI chairman F.M. Mehta.

"GO FOR NEW ISSUES"

The stockmarkets have been zipping skywards with nary a fear of heights, following the prying open of the Indian economy. In such a scenario, genuine investors can easily get singed if not given the right advice. Bombay-based Navinchandra N. Dalal of stockbroking firm Natverlal & Sons has gained first-hand experience over the past 40 years that he has been a member of the Bombay stock exchange (BSE). Though primarily doing business for the financial institutions, Dalal is quite close to the small shareholder in his capacity as joint secretary of the Bombay Shareholders' Association. BusinessWorld *spoke to Dalal on the current scenario and prospects for the stockmarkets.*



I feel that the BSE sensitive index will move sideways between 1,600 and 1,700 before any worthwhile or diagonal move takes place

■ On the current state of the stockmarket.

The market looks overheated at present. This is because the fears (of tough levies expected) in the Union budget did not materialise. Also, speculators accumulating stock before the budget have now tightened their grip. The market has been rising at a rapid pace, in spite of institutions — especially UTI — selling heavily.

■ On the direction the market will take.

Personally, I feel that the BSE sensitive index — Sensex — will move sideways between 1,600 and 1,700 (I cannot comment on the other exchanges) before any worthwhile or diagonal move takes place.

■ On the bullish trend in the market.

This boom is basically because of the heavy speculative buying before the Union budget. Following the budget, investors have been coming in only selectively. The bullishness is mainly because of speculators. At least, I look at it that way.

■ On industries that will benefit from the liberal policies.

With the new liberal policies, the main beneficiaries will be the multinationals. Then, of course, all export-oriented units (EOUs) and sponge iron units.

■ On industries worth looking at.

One can look at light commercial vehicles (LCVs), cement, pharmaceuticals, auto-ancillaries, outfits which have a good export potential, and mainly shares of blue-chip companies.

■ On the strategy investors in general should follow now.

Despite the market being overheated, there are some areas where real investment potential can still be found. Cement shares, for one, may rise. However the market is discounted to a very large extent. One can only expect a small rise.

Therefore, small investors should apply for new issues or they can go for partly-convertible bonds. As far as new issues are concerned, the investor should look at the product the company wants to make, the promoter and the actual investment the promoter himself is putting in.

■ On scrips investors can pick up from the secondary market now.

For short-term gains, they can go for Autolec Industries, Premier Auto Electric, Prestige Foods. For long-term gains, there is Noble Soya, Gujarat Apar and Wartsila Diesel.

■ On the effect of the fluid political scene on market sentiment.

The political scene is not bad. Even though the Congress(I) is in a minority, it will carry on. I am sure of a reasonably stable government. The basic sentiment in the market will remain bullish.

■ On his ideal share portfolio.

Well, for short-term returns, I'd take up Gujarat Ambuja Cements, Telco and Essar Shipping (rights shares). My portfolio — for the medium term — will also include Autolec, Premier Auto Electric, Jaiprakash Industries, Nestle, Century Enka and Bombay Suburban Electric Supply convertible debentures. Reliance convertibles, Noble Soya, Hindustan Oil Exploration and rights shares of Procter & Gamble would form the long-term section of my ideal portfolio.

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THE RULES

1. The notional amount to be invested is Rs 1 lakh.
2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.
3. Investments in debentures or securities other than equity shares are not permitted.
4. No investment can be made in scrips in which there has been no trading on the reference date for investment (6 September for Contest No 2).
5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).
6. The maximum amount investible in any one scrip is Rs 50,000.
7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 6 September.** Quotations based on prices at stock exchanges other than Bombay will not be permitted.
8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 11 October.** This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the BSE, the investments will be deemed to have been made at the latter prices.
9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.
10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% per annum.
11. Contestants will have the option either to invest the entire amount of Rs 1 lakh (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stock-markets.)
12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No 2, the last date for the receipt of entries is 14 September.** Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters: *BW* INVESTOR CONTEST NO 2 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 25-28, Atlanta, 209, Ceremonial Boulevard, Nariman Point, Bombay 400 021.
13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.
14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.
15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon.
16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar group of publications.

INVESTOR CONTEST NO 2 — ENTRY FORM

Name of scrip	Price on 6 September 1991	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name: _____

Address: _____

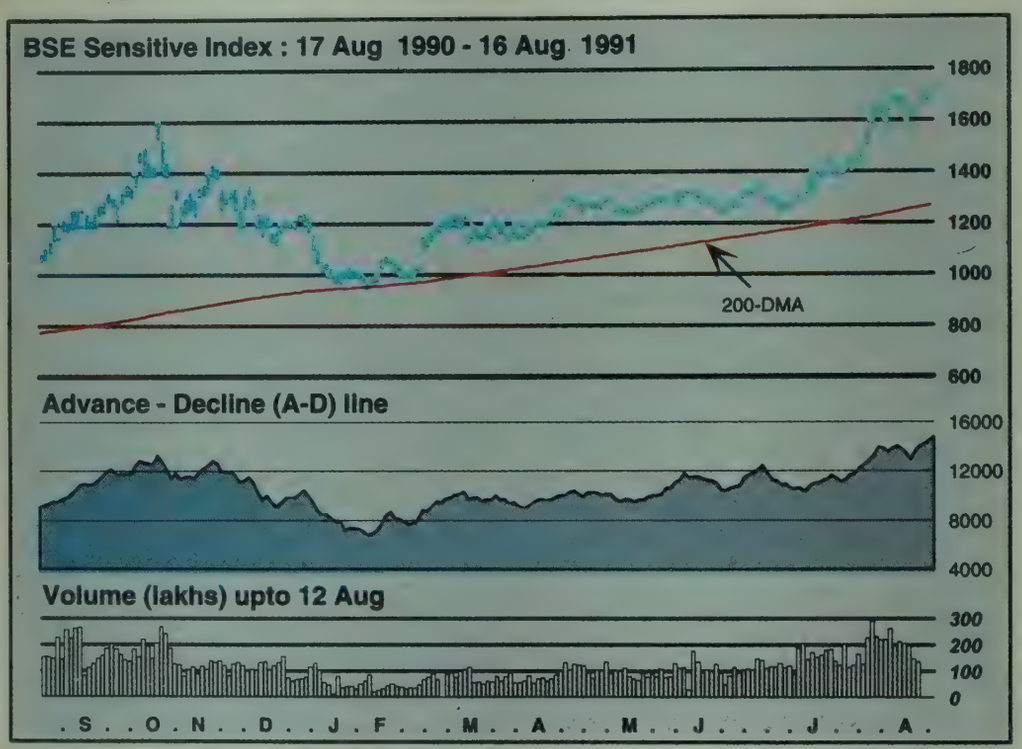
UPTREND CONTINUES

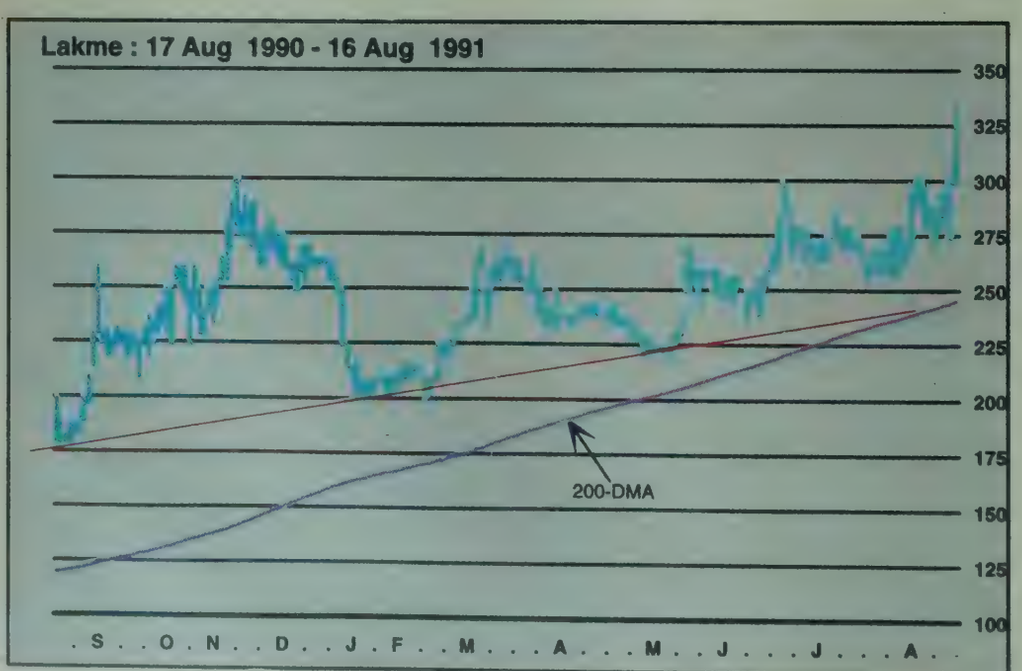
DEEPAK MOHONI



For the second fortnight in succession, the market closed at a new high. This was despite a sharp reaction that brought the Bombay stock exchange sensitive index (BSE Sensex) down by a little over 100 points between 2 and 8 August. However, the subsequent market action suggests that the reaction was a minor one, which served to establish 1,600 as a support level. Over the fortnight under review (5-16 August) the Sensex gained 46.45 points as it rose from 1,680.62 on 2 August to 1,727.07 on 16 August — a rise of 2.8%. The National Index (NI) lagged just a bit, gaining 14.88 points (1.8%) from 810.85 to 825.73. There were no indications at the time of writing that the rally was about to top.

An ascending trendline can now be seen on the index charts. The line was barely tested on 8 August, when the Sensex declined to 1,598.85 from 1,703.15 on 2 August (intra-day). 8 August had all the characteristics of a key reversal day, as the market opened sharply lower at 1,623.30 compared to its last close of 1,657.44. It declined rapidly to 1,598.85, and finally recovered substantially to close at the day's best level of 1,632.90, which was even higher than the opening. As the market continued to rise thereafter, the day was confirmed as ending a minor decline.





The advance-decline (A-D) line has comfortably confirmed the new market high by moving up to a new high itself. On most trading days during the fortnight, advances outnumbered declines by at least two to one, barring the three trading sessions that saw the minor reaction. With trading restrictions in effect, volume data cannot be interpreted accurately. While these restrictions may have been introduced with the best interests of the small investor in mind, they are something of a two-edged sword. A sharp decline in the market is usually checked by short-covering, as bears are the only interested buyers in a falling market. The restrictions have eliminated fresh short-positions in the leading scrips, making the market "hollow."

There is a distinct possibility that the mid-October crash was as severe as it was, because of similar restrictions which preceded it. As there were no short-positions to be covered, the market plummeted from 1,602.64 to 1,208.77 in just four trading sessions. We can only hope that such a situation is not precipitated again by the restrictions, which were introduced just when the market had begun to show genuine strength.

The two indices have moved further away from their 200-day moving averages (200-DMAs). The 200-DMA for the Sensex is at 1,269.36, while

that for the NI is at 631.70. The Sensex is thus 36% higher than its 200-DMA, while the NI is 31% higher. At the old 9 October top, the 200-DMA for the Sensex was 845.71, while the Sensex was 84% higher at 1,559.43.

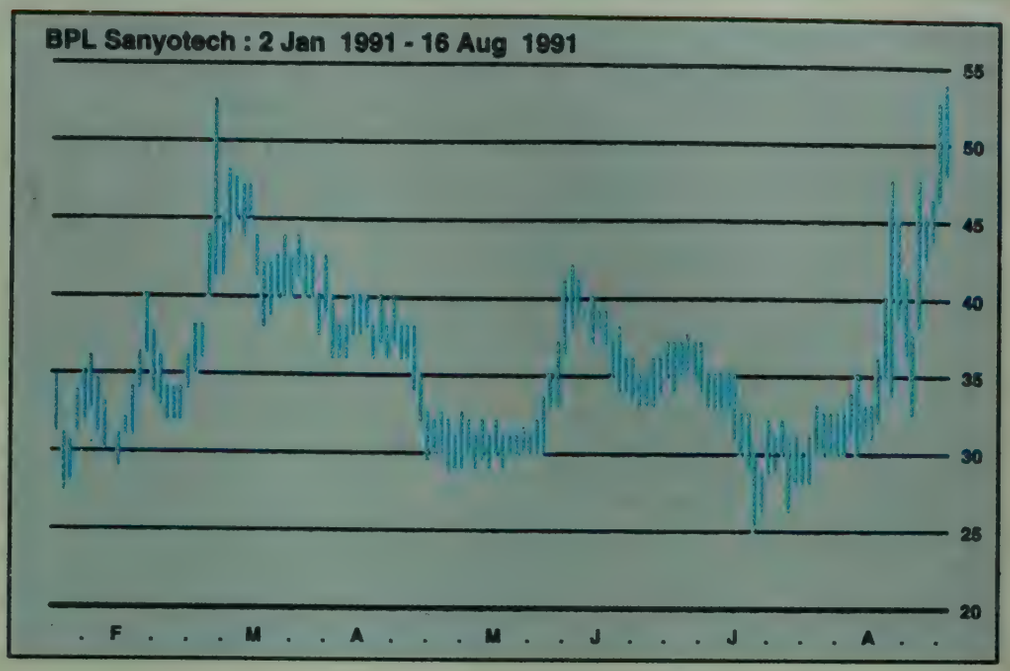
The number of "A" group stocks above their 200-DMAs have risen from 57 on 2 August to 72 on 16 August. In all, 769 stocks were above their 200-DMAs while 308 were below on 16 August in comparison to the 730 that were above and 317 below a fortnight earlier. These figures confirm the breadth of bullishness of this rally.

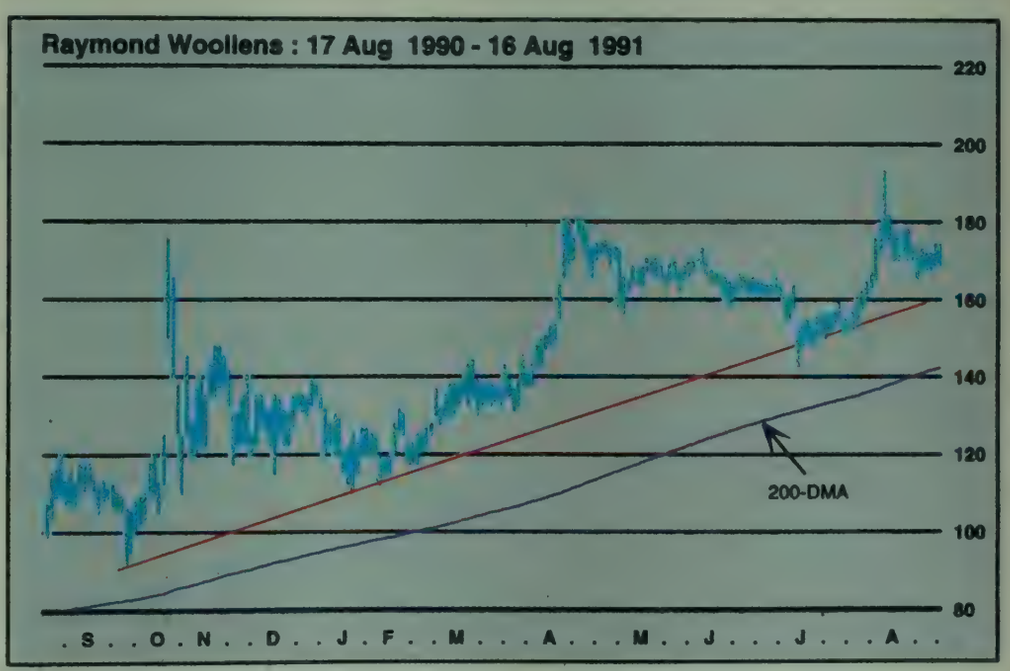
Badla trading took place on Saturday, 17 August. Remarkably, *badla* rates were reportedly down to under 24% from 48.1% on 1 August. (Exact figures had not come in at the time of writing.) The trading restrictions may again be responsible for the lower rates, as operators have been borrowing funds from outside the market in order to take delivery — lowering the demand for *badla* finance. In any case, the low rates were seen as a bullish development, if strong kerb rates were anything to go by.

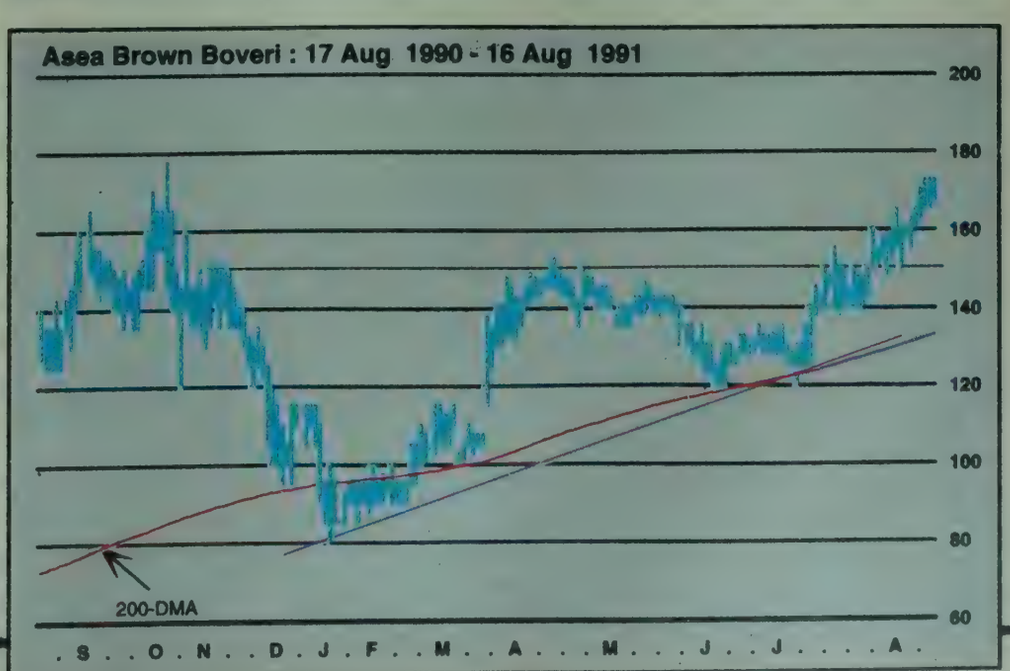
Several stocks are breaking out of bullish formations, or appear to be on the verge of doing so. One "A" group and three "B" group stocks have been examined this time. **Raymond Woollens** is in a long ascending triangle. The stock must overcome a strong resistance at Rs 180 before it can move to a target of Rs 250. There was one whipsaw which saw the stock move above Rs 180 briefly, but it failed to close above that level on the day.

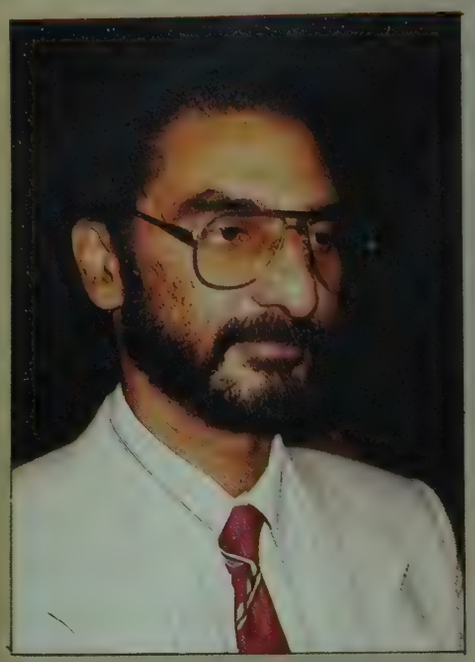
Asea Brown Boveri and **Lakme** have already broken out of long, solid, ascending triangles akin to the one Raymond is in. Asea's breakout above Rs 150 has given it a minimum target of Rs 240, while Lakme's breakout above Rs 300 gives it another potential Rs 100 to run. Finally, a recently-listed stock — **BPL Sanyo** — is in an uptrend, and was testing its previous top in the Rs 50-55 range. A breakout of this region could take the stock into a strong long-term uptrend. Raymond has a 200-DMA of Rs 142.25, Asea Brown Boveri Rs 128.27, and Lakme Rs 239.91. BPL Sanyo has yet to trade for 200 days, and naturally has no 200-DMA.

• *The author is a director of Midas Vision, which deals in software and computer graphics.*









From real estate to seafood, Altaf Pasha has a wide range of interests. And now he is all set to go ahead with an integrated expansion and modernisation programme for his marine products division, Alsa Marine & Harvests (of which he is chairman).

The export-oriented company, which specialises in farming and exporting shrimps, lobsters, squids, cuttlefish and fish, is investing Rs 6.62 crore towards modernisation of its processing facilities near Visakhapatnam, expansion of its aquaculture farm near Nellore, and setting up a new processing plant in Calcutta. "Alsa plans to achieve 3,800 tonnes of seafood exports in 1993-94 valued at Rs 44 crore," says Pasha.

To part-finance the project, Alsa is coming out with a public issue of Rs 2.07 crore on 5 September. The company, which made a profit of Rs 87 lakh in 1990-91, will be entitled to exim scrips to the extent of 30% of its sales.



Nine-to-five jobs are not for him. After chucking a cushy job in A.F. Ferguson in the early eighties, Bharat Goenka went into the production of computer hardware with his Altos India Ltd (AIL). He has not looked back since.

But why hardware? Says he: "We wanted an industry which did not need much capital and was based on technological strength." AIL has been boosted in its rapid growth by a lucrative agreement with Pertech Computers through which it supplies hardware to the latter.

But with the major computer hardware players trying to consolidate their positions and some smaller ones on the deathbed, what is AIL's gameplan for survival? "Our emphasis is on superior research and healthy throughput," says Goenka.

And to gain a further technical edge over the competition, the company is planning to spend more on research and is coming out with a Rs 8.63 crore fully-convertible debenture issue. Each debenture of Rs 115 will be converted into Rs 10 equity shares in two stages, the first (Rs 60 at a premium of Rs 20) and the second at a premium to be decided by the Controller of Capital Issues.



Pipe-making is not a new field for the Rs 230 crore Jindal group chief, D.P. Jindal. One of the group companies, Jindal Drilling, supplies seamless tubes to the oil sector by importing mother pipes. But now Jindal has plans in the pipeline to manufacture seamless tubes himself. And for this, he has set up a Rs 63 crore company styled Maharashtra Seamless.

Commercial production is slated to begin in August and the company expects a turnover of Rs 30 crore in 1991-92. Says Jindal: "The company will earn cash profits in the current year." However, with poor net profit projections even for 1992-93, dividends may be declared only in 1993-94.

Jindal does not expect any marketing problems. "Around 50% of the produce will be sold to the oil sector, while the balance will go to the automobile and engineering sectors," says he.

To part-finance the project, the company is entering the capital market on 27 August to raise Rs 10 crore through an at-par equity issue. The total equity of the company will stand at Rs 25 crore after the issue.



Diversification is the name of the game. After going into pipes, black-and-white TV tubes and video tapes and cassettes, V.P. Agarwal, of the Rs 108 crore Prakash Industries (formerly Prakash Pipes & Industries), has a new plan to mop up profits. He is entering the sponge iron market.

Agarwal is implementing a 1.5 lakh tonnes per annum (tpa) coal-based project at Champa in Madhya Pradesh in technical collaboration with Lurgi GmbH of Germany at a cost of Rs 144 crore. And he has good reason to believe that he will wallow in the green stuff. Says he: "By 1994, domestic demand for sponge iron will be in the region of of 4 million tonnes." Currently, only 1 one million tpa of sponge iron is being produced annually.

Agarwal envisions a gross profit of Rs 30 crore and a net profit of Rs 21 crore in the very first year of operations (the unit is set to go on stream by March 1993).

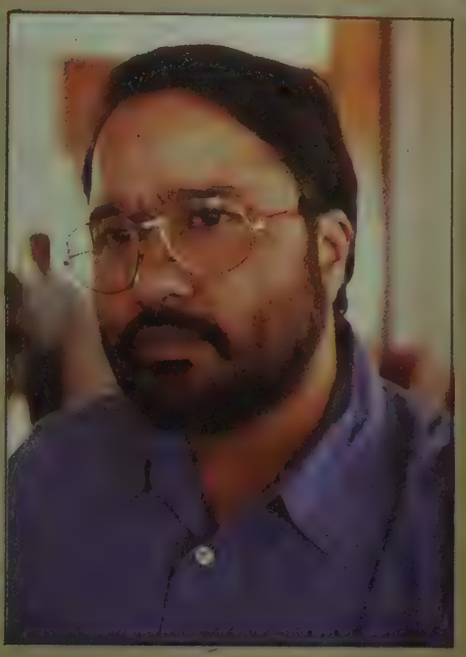
To part-finance this venture, the company is coming up with a Rs 40 crore fully-convertible debenture issue in October. Each debenture of Rs 280 will be converted into 10 equity shares at a premium of Rs 18 each in two stages.



The Agrawals of Pacific Granites — Sagar Mal and son Jagadish Prasad — may not be able to squeeze water from stone, but they certainly hope to wring out profits. Towards this end, they are setting up a 100% export-oriented unit (EOU) at Udaipur (Rajasthan). With an installed capacity of 1.2 lakh sq metres, the EOU will manufacture polished granite slabs in technical collaboration with Breton spa of Italy.

Indian granite exports currently account for less than 30% of the world granite market. The Agrawals hope to do their mite to help raise this figure and gain a foothold in the US, Japan and Europe. Managing director Jagadish Prasad is unfazed by the domestic competition in the form of Vajra Granites, Spartek and the like.

Sigep srl of Italy, the foreign financial collaborator for the Rs 11.3 crore project, will acquire Rs 42.50 lakh worth of shares in the company. Besides, Pacific's entire production will go to Sigep under a 100% buyback arrangement. To finance the venture, the company is coming out with a Rs 2.20 crore at-par equity issue. The company is planning to declare dividends from the second year.



Fertiliser is his forte. After successfully running a fertiliser unit in Punjab, Hardev Singh has now set his sights eastward with his new venture — Sunderban Fertilizers Ltd (SFL). The Rs 12.75 crore unit, of which Singh is the chairman, will produce 66,000 tpa of single super phosphate (SSP) and 33,000 tpa of sulphuric acid.

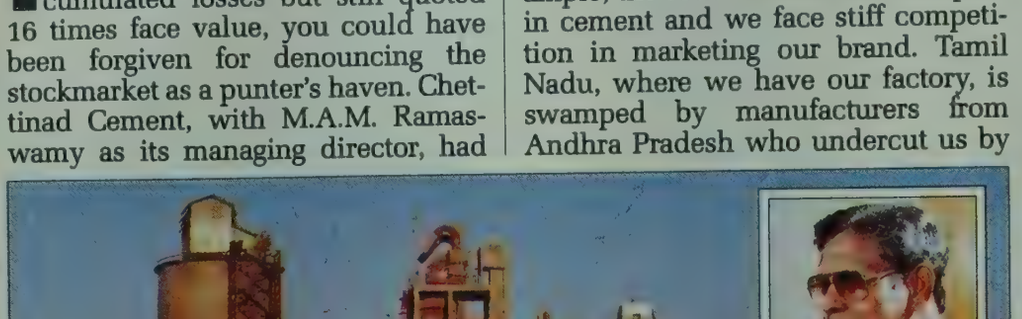
And Singh has no doubt of his success in this venture too. He has chosen the location (north Bengal) with care. "There is a substantial deficit in the availability of SSP in eastern India. I do not expect any difficulty in marketing the entire production of SSP in West Bengal, Bihar, Assam and Sikkim," he claims.

Singh will, no doubt, be helped in his quest for profits by the hike in fertiliser prices announced in the last budget.

To part-finance this venture, SFL is coming out with a Rs 2 crore at-par equity issue.

BACK FROM THE DEAD

If I told you that a racehorse owner's company was up to its waist in accumulated losses but still quoted 16 times face value, you could have been forgiven for denouncing the stockmarket as a punter's haven. Chettinad Cement, with M.A.M. Ramaswamy as its managing director, had losses of Rs 2.35 crore when the financial year closed on 31 March 1991.



THE CHETTINAD PLANT & SABARETNAM (INSET): *No need for an SOS*

Then why are optimists in the market going berserk? Check the balance-sheet for 1990-91,you'll know why. Start with net sales: they moved up from Rs 35 crore in 1989-90 to Rs 74 crore in 1990-91. Come to the bottomline before depreciation: up from a loss of Rs 4.80 crore to a profit of Rs 15.82 crore. Gross margin took a positive leap from a negative 13.66% for 1989-90 to 21.32% for 1990-91. The earning per share too reversed from minus Rs 32 to Rs 15.57.

Company managers, unlike a year-and-a-half ago, are now — after better prices for cement — talking of the moon. "We have just negotiated an export order worth 60,000 tonnes with a buyer in the Far East at a price of $53 per tonne fob (free on board). My production is rising remarkably; we despatched in excess of 60,000 tonnes in July 1991 at a time when demand is generally restrained. And the production of clinker touched an all-time high," exults Chettinad Cement executive director L. Sabaretnam.

But if you mention the fact that cement companies are currently on felt, you have Sabaretnam pulling you up. "It is very easy to be sitting on the outside and theorising that cement companies are lording it. What we as manufacturers have to face even in these days is quite sobering. For example, the southern states are surplus in cement and we face stiff competition in marketing our brand. Tamil Nadu, where we have our factory, is swamped by manufacturers from Andhra Pradesh who undercut us by a few rupees per bag and get rid of their stock. As a result, we have to find markets away from our home state — Kerala and Karnataka for example. So if you think that we are just lazing, you'd better forget it."

Market proximity. But Chettinad Cement does have the advantage that much of its consuming market lies close to its factory. As a result, the company is able to keep transportation costs down and, when the company's brand competes bag-to-bag with its competitors, Chettinad has probably spent much less to get to the dealer. What Chettinad saves is what Chettinad earns and the result is evident in the company's bottomline.

Proximity to consuming centres is not the only advantage. Public sector inefficiency has also helped. Whatever cement the state government required earlier came exclusively from Tamil Nadu Cements (TNC). But with the capacity utilisation of TNC being low, the government turned to Chettinad, located close to the TN-Kerala border.

A blot. While the picture for this cement company is optimistic, the only blot is the company's massive debt burden. Instead of funding its modernisation from the wet to dry process a couple of years ago via a large issue of equity, Chettinad preferred to borrow. As a result, it has attracted debts worth Rs 72.36 crore (1990-91) against an equity capital of a mere Rs 4.22 crore. Not surprisingly, the company's annual interest burden is more than six times its equity capital.

But, observe analysts, with the gap in production and consumption ever increasing, there's little to fear. Chettinad's finance controller Muthukrishnan has an interesting explanation: "Because of our unabsorbed investment allowance reserve, we will not be paying tax for the next three years. This is going to result in a hefty cash flow each year which should bring the size of our debt and interest down substantially. I do not envisage any problems."

You bet he wouldn't. A recent news item in the press hinted that Chettinad Cement's operating profit for the first three months of 1991-92 was Rs 9.93 crore. Assuming that the company has incurred an interest burden of a crore each month, Chettinad Cement would still have grossed profits of around Rs 7 crore for April-June 1991. Annualise that and you have a cash flow of Rs 28 crore for the current financial year. Deduct Rs 2.40 crore for depreciation from the cash flow of the first three months and you have a net bottomline of Rs 4.60 crore. Annualise this and Chettinad appears to be headed towards an annualised EPS of Rs 44.

Give that last numeral a P/E multiple of 7 and you perhaps get a hint of where this one-time drowned-in-the-red is headed. Did anyone complain about the accumulated loss?

□ Mudar Patherya

CONCRETE PROGRESS

(Rs crore)

	1988-89*	1989-90	1990-91
Net sales	23.29	35.14	74.19
Operating profit	1.41	6.05	27.72
Interest	1.27	10.85	11.90
Gross profit	0.14	(4.80)	15.82
Depreciation	5.73	8.86	9.25
Tax	—	—	—
Net profit/(loss)	(5.59)	(13.65)	6.57
Gross margin (%)	0.60	(13.66)	21.32
EPS	(13.25)	(32.34)	15.57
CEPS	0.33	(11.37)	37.49

* Nine months

MONEY FOR NOTHING

M. D. MUKHI



Of late, many foreign banks have introduced a number of new attractive instruments for the benefit of the investor. Citibank launched its Unfixed Deposit with much fanfare and Standard Chartered (Stanchart) offered the Cluster Deposit scheme to its customers. Now it is the turn of ANZ Grindlays to join the bandwagon with its Mymoney. All these schemes are primarily a redesigning of the traditional fixed deposit (FD) instrument with greater flexibility in operation for customers and a much stronger focus on the brandname.

Mymoney has been structured to answer a frequently-asked question: "Why should I pay interest to use my own money?" The scheme is designed to give high returns in interest plus the freedom to draw from the deposit.

How does it work? Simply. An account has to be opened with the bank with a minimum of 10 deposit units of Rs 1,000 each, aggregating to Rs 10,000. There is no maximum limit. The period of deposit ranges from six months to three years, at the option of the depositor. The depositor can draw one or more deposit units, of Rs 1,000 each, when needed. He doesn't have to break the entire deposit when only a small sum is needed.

Under Reserve Bank of India (RBI) rules, if an FD is withdrawn prior to the stipulated period, a penalty interest of 2% on the whole deposit amount is charged. Under the Mymoney scheme, on the other hand, the depositor will receive the lower interest rate applicable to the shorter period only on the amount withdrawn before the term. The balance will continue to earn the original rate of interest. This could mean a substantial gain to the depositor on the amount of interest earned under the scheme; the net gain depends upon the amount of deposit.

The scheme allows six withdrawals during the lock-in period, but a minimum balance amount of Rs 5,000 after the withdrawals has to be maintained. It may be noted that the amounts withdrawn are not required to be replaced.

The scheme provides for automatic renewal of deposits. The depositor will have two options. He can either renew the principal balance of Mymoney for a similar period or deposit the total amount of interest earned together with the principal balance, again for a similar period. A minimum of Rs 10,000 must be available for renewal.

The interest offered is as permitted by the RBI from time to time. Under the current interest rate structure, there is no interest on deposits below 16 days; between 16 days and one year it is 9% per annum (pa); for one year 10% pa; for two years 11% pa; and for three years 13% pa.

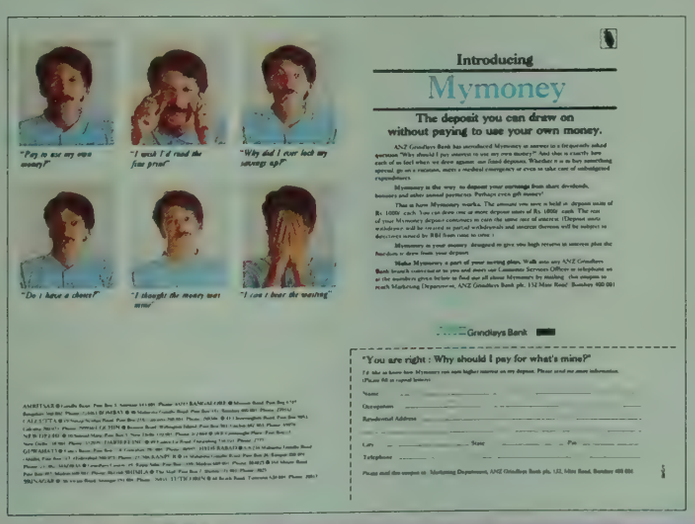
The Mymoney depositor can choose between simple and compound interest. Under simple interest, he can opt for the quarterly or half-yearly mode or receive the interest on maturity. Alternatively, he may receive a compounded interest payable at the time of maturity.

Unlike FDs placed with companies, the interest earned on bank term deposits, including that from Mymoney, is exempt from income tax (along with other specified incomes), up to Rs 7,000 under the Income-Tax Act 1961.

The scheme is open to all resident Indians. Even foreign nationals holding sole or joint accounts are eligible for Mymoney. Others who can join the scheme are clubs, associations, societies, committees, sole proprietors, partnership firms and Hindu undivided families (HUFs).

Mymoney is essentially a bank deposit and is designed for those who are averse to risk and prefer security even if it means lower returns. Depositors loyal to the good old FDs will love the flexibility the foreign banks have imparted to traditional schemes.

ANZ Grindlays' Mymoney appears to have an advantage over other similar foreign bank schemes as it stipulates a minimum deposit of Rs 10,000 as against Rs 20,000 under Stanchart's Cluster Deposit and Rs 30,000 under Citibank's Multi-Deposit.



IN A NUTSHELL

Scheme: Primarily a term deposit with greater flexibility in operation and no penalty on withdrawals.
Amount: Minimum Rs 10,000 in 10 units of Rs 1,000 each. There is no upper limit.
Term: Six months to three years.
Interest: 9-13% per annum, depending on the term.
Tax benefit: Interest (along with other specified incomes) exempt up to Rs 7,000 under s.80L of the Income-Tax Act.
Eligibility: (1) Resident Indians; (2) foreign nationals holding sole or joint accounts; (3) HUFs; (4) societies; (5) clubs; (6) committees; (7) associations; (8) sole proprietors; and (9) partnership firms.
Other features: (1) Six withdrawals allowed during the lock-in period; (2) minimum balance not to be less than Rs 5,000; (3) amounts withdrawn need not be replaced; (4) options of simple and compound interest; (5) no penalty on balance amount after withdrawals; and (6) facility for automatic renewal of deposits.

• *The author is president of the merchant banking division of Batlivala & Karani.*

AN ATTRACTIVE DUO

CLIFTON DESILVA

Indian Sewing Machine Co (ISMCO), an affiliate of Singer Co of the US which holds 40% of its Rs 4 crore equity, was, until 1984, engaged in trading activity. In April 1984, the company received a letter of intent for the manufacture of 1 lakh zig-zag sewing machines at its Jammu & Kashmir plant. This was later converted into an industrial licence. Thus began the manufacturing activity of ISMCO. The project, to manufacture Singer model 298 zig-zag machines, had an estimated tab of Rs 2.45 crore and commercial production was scheduled to begin by mid-1985.

However, due to delays in obtaining an import licence, production could commence only by February 1986. The machines were marketed under the brandname Fashion Maker and were an instant hit.

Although these machines account for a mere 10% of the company's sales in volume terms, they rake in a quarter of its total revenues. And, in future, ISMCO plans to concentrate more on the Fashion Maker in the sewing machine segment as its growth rate is around 25% per annum.

Two years ago, the company diversified into home appliances. This segment is today estimated to be worth about Rs 100 crore with the organised sector's share at 40% and still growing. For the year 1990-91, ISMCO homed in on a turnover of Rs 12 crore in this segment and expects to keep doubling it over the next few years.

ISMCO has its growth strategy well planned out: defend the core business and grow in synergistic areas. With a view to achieving the former, the company is to soon introduce upgraded versions of zig-zag sewing machines with Singer's technological support. Plans are afoot to introduce a high-speed industrial sewing machine aimed primarily at the growing garment industry. The company is also expanding its retail network with the aim to grab the status of a powerful nation-wide retailer. The new outlets, styled Singer Centres, will market other Singer-branded consumer durables such as washing machines, kitchen appliances, TVs and the like.

Exports is another area where ISMCO is determined to make waves. As a first step, it has set up a 100% subsidiary company styled Himec India to pursue exports.

ISMCO is sitting pretty on the financial front. Turnover for the nine-month period ended March 1989 stood at Rs 35 crore as against Rs 42 crore for the year to June 1988. The following year ended March 1990 saw that figure moving up to Rs 49 crore. However, the profit at net level for the same year wasn't any great shakes at Rs 1.85 crore on an expanded equity capital of Rs 4 crore. This resulted in an earning per share (EPS) of Rs 4.63. A 20% dividend was provided for in March 1988 which was maintained for the nine-month period ended March 1989. On an annualised basis this works out to 26.67%. For March 1990, the dividend was 25% (on the expanded equity capital).

As for the year ended March 1991, ISMCO has already dished out two interim dividends of 12.5%. And thanks to the recent wave of industrial glasnost, the company hopes to convince its foreign collaborator to up its equity stake to 51% as well as rechristen the company Singer India.

With the ample plans it is currently mothering, ISMCO's future appears rosy. Its shares, at the current rate of Rs 52.50, seem cheap and look all set to join in the stockmarket festivities.

The shares of Indian Sewing and TTK Pharma appear cheap at their current market prices and could soon be riding the current stockmarket boom



It belongs to the well-known TTK group of Madras. **TTK Pharma** was incorporated in 1958 as Orient Pharma Pvt Ltd (OPPL) and was one of the group's major manufacturing efforts. Kicking off with its famous Woodward Gripe Water the company, in 1962, commenced manufacture of ethical products based on foreign knowhow. In 1974, a basic chemicals division was spawned. Its objective: the synthesis of pharmaceutical intermediates and chemicals which were being imported.

In 1975, TTK took the plunge into herbal products and in 1982 an animal welfare division took shape. A ready-to-fry cereal snack food diversification saw the light of day in 1985.

Since TTK Pharma went public in 1986, its performance hasn't lived up to expectations; for the next four years, dividend remained static at 15%. However, the year ended May 1990 saw a better show, thanks to the rationalisation of the company's pharma operations. With effect from 1 June 1988, TTK Chemicals (a subsidiary company) was merged with TTK Pharma. The former manufactures life-saving drugs and formulations.

The encouraging performance of 1990 saw the company raising dividend to 17.5% for May 1990.

The unaudited results announced for May 1991 show an improvement over the previous year. The sales figure stood at Rs 48.94 crore against Rs 33.45 crore for 1990, gross profit at Rs 2.49 crore (Rs 1.93 crore) and net profit at Rs 1.36 crore (Rs 1.02 crore). The EPS was placed at Rs 4.18.

With an improved outlook and a possible change in the drug policy, the shares of TTK Pharma appear cheap at the current price of Rs 37.50 in a market that has almost doubled in a short span of six-seven months.

• *The author is a Bombay-based investment manager.*

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 14 Aug	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
AbacusComp(10/100/e)	9003	1.4	0.3	0.0	12.1	9.2	0.3	0.45	4.7	0.26	0.26	1.82	15.0	10.0	54 **	13.00	9.35	–	–	–	35	12	18	9	5.76	1.41
AbanLloyd(10/100/e)	9003	4.0	1.6	0.0	14.0	14.0	0.0	3.72	26.6	1.09	1.09	2.75	19.6	10.0	37	152.50	20.03	–	–	–	58	35	153	36	1.83	3.93
AbbotLabs(10/50/e)	9003	2.3	2.7	0.0	21.8	31.5	0.2	0.36	1.1	0.07	0.07	0.31	1.4	–	NA	57.50	136.6	–	–	40	60	32	60	30	NA	1.95
ACC(100/5/e)	9003	56.0	89.3	0.0	259.5	973.8	17.2	54.41	5.5	17.79	16.85	31.78	12.2	15.00	50	3145.00	75.05	1:5	86	33	2625	229	3150	1300	0.63	9.19
AdvaniOerl(10/100/e)	9003	7.0	9.1	2.5	22.9	107.1	1.3	4.37	4.0	1.21	1.21	1.73	6.5	15.0	87	21.00	13.31	1:1	86	46	33	15	25	16	6.52	1.00
AlembicChem(100/5/e)	9003	4.1	10.0	7.0	343.0	124.0	3.9	4.29	3.4	1.64	1.23	39.81	7.8	16.0	54	490.00	7.79	1:3	66	18	460	250	500	220	5.17	0.90
AlfaLaval(10/50/e)	9103	7.8	34.4	0.0	42.7	104.8	4.0	16.06	13.9	10.28	10.27	10.95	25.7	18.0	23	280.00	17.70	1:2	89	63	247	95	300	150	1.29	4.54
AmalRasayan(10/50/e)	9003	3.2	9.4	2.0	39.4	19.3	0.8	0.93	4.6	0.07	0.07	0.22	0.5	0.0	NA	55.00	233.6	–	–	–	83	38	56	34	NA	1.30
AmritBan(10/100/e)	9003	4.2	13.1	6.9	41.5	259.6	1.1	8.64	3.3	1.90	1.83	4.48	7.7	21.0	49	76.25	15.06	1:1	89	70	83	36	77	45	3.11	1.63
AntifricBear(10/100/e)	9003	3.2	7.9	0.0	34.3	48.1	1.9	6.84	13.7	2.67	2.71	8.08	23.6	25.0	31	105.00	14.23	1:2	81	23	145	60	130	65	2.18	3.35
AP Paper(100/5/e)	9003	5.6	18.6	0.0	429.8	132.3	2.7	17.44	12.9	13.22	12.83	234.81	54.6	25.0	11	1450.00	7.67	1:4	80	20	2100	625	2000	850	1.39	4.19
AppleInds(10/100/d)	9006	6.3	8.2	3.1	22.9	20.9	0.2	8.59	40.7	5.57	6.02	7.03	25.2	25.6	25	39.00	4.84	–	–	–	70	23	48	32	6.87	1.49
ArvindMills(10/50/e)	9003	7.1	38.4	0.0	63.9	179.5	3.4	12.46	6.8	5.25	5.78	7.36	11.5	27.0	33	102.50	8.15	1:3	86	55	120	43	108	52	4.51	0.94
AseaBrownBv(10/50/f)	8912	9.9	29.5	11.1	39.9	148.5	6.0	7.49	4.8	4.13	4.13	5.58	10.9	25.0	50	172.50	25.52	1:3	78	30	165	55	174	85	1.48	3.57
AsianBearings(10/50/e)	9003	7.4	4.0	0.0	15.4	18.6	1.8	1.96	9.6	0.28	-0.13	0.38	2.5	–	NA	22.00	63.69	0.00	–	0	31	14	28	17	NA	1.56
AsianCable(10/50/e)	9003	5.6	14.4	0.8	35.8	78.3	4.4	5.69	6.9	2.75	3.62	4.28	11.5	14.0	24	35.00	7.02	1:3	81	–	53	27	40	30	4.65	0.84
AsianPaints(10/50/e)	9003	12.4	56.5	0.0	55.4	282.9	1.1	27.28	9.6	19.00	19.50	15.23	27.5	45.0	29	252.50	15.66	1:2	87	86	290	208	268	223	1.89	4.30
Assam Co(10/50/e)	9003	14.0	24.2	0.0	27.3	66.4	1.4	24.86	36.7	12.83	12.79	9.16	33.6	55.0	60	165.00	15.17	1:1	89	75	190	110	172	113	3.96	5.10
Astra-IDL(10/50/e)	9003	2.5	3.7	0.0	24.6	21.5	0.2	2.00	9.2	1.06	1.06	4.24	17.2	15.0	36	110.00	13.68	–	–	–	75	38	110	45	2.62	2.35
AtlasCopco(10/50/e)	9003	7.3	7.3	0.0	20.0	46.3	1.6	1.03	2.1	-0.39	-0.53	-0.54	-2.7	–	NA	98.75	NA	1:2	87	82	68	33	105	42	NA	4.35
AtlasCycle(10/50/e)	9003	1.2	8.2	6.7	81.1	108.0	2.9	2.42	2.2	0.83	0.83	6.96	5.0	22.5	33	205.00	23.00	1:2	87	80	180	65	210	105	1.41	1.97
AveryIndia(10/50/e)	9003	4.2	13.5	0.0	42.1	39.6	0.8	7.70	19.1	3.08	3.01	7.33	17.4	35.0	49	160.00	19.36	2:5	84	58	195	109	169	142	2.46	3.37
A.Sarabhai(10/50/e)	9003	18.8	19.9	0.0	20.6	169.0	3.0	1.80	1.0	0.62	1.12	0.33	1.6	–	NA	18.00	33.32	1:5	82	17	26	11	20	11	NA	0.53
BajajAuto(10/50/e)	9003	18.8	261.2	0.0	148.9	1014.4	50.3	163.6	15.4	65.10	62.13	34.61	23.2	110.0	33	692.50	19.43	1:1	87	95	770	355	705	500	1.64	4.52
BajajElect(100/5/e)	9003	1.9	8.9	2.9	564.6	108.1	3.6	5.41	4.8	2.85	2.80	148.44	20.8	25.0	17	1100.00	6.74	1:1	89	50	1600	540	1160	675	2.50	1.77
BajajHind(100/5/e)	9003	5.6	24.2	37.5	531.4	124.6	2.0	7.11	5.6	2.21	2.23	39.46	3.3	18.0	45	120.00	21.79	1:4	86	95	1500	360	120	87	2.10	1.62
BajajTempo(10/50/e)	9003	6.6	36.5	0.0	65.1	219.1	2.2	23.25	10.5	6.87	5.45	10.38	15.9	20.0	24	235.00	23.85	1:1	86	87	325	118	258	109	0.81	3.80
BakeliteHylam(10/50/e)	9003	4.5	10.9	9.1	34.2	81.6	3.0	4.68	5.5	1.34	1.72	2.98	5.5	18.0	47	50.00	19.48	2:3	80	78	54	29	64	40	3.10	1.69
BallarpurInd(10/100/e)	9003	21.0	100.9	180.0	58.1	572.0	17.8	66.46	11.3	39.66	49.63	18.81	13.1	28.0	12	300.00	16.22	1:2	89	74	310	112	310	240	0.92	5.25
BarodaRayon(100/5/e)	9003	18.0	51.6	0.0	386.9	245.5	2.5	39.05	15.8	23.82	23.82	131.83	34.1	25.0	19	840.00	4.23	1:2	82	23	1875	435	940	400	4.48	1.44
BASF(10/50/e)	9003	4.3	16.9	2.6	49.6	86.0	1.4	10.54	12.1	4.67	5.73	10.94	19.7	20.0	15	165.00	12.57	1:2	88	56	240	110	230	100	1.45	2.77
Bata(10/50/e)	8912	10.5	12.7	6.9	22.0	321.3	0.5	9.39	2.9	3.61	3.61	3.44	12.0	15.0	44	120.00	24.87	1:1	87	93	107	64	120	76	1.76	3.88
Bayer(100/5/e)	9003	16.2	17.7	0.0	208.8	148.1	2.2	11.29	7.5	5.32	5.32	32.80	15.7	20.0	61	1035.00	25.15	1:1	87	78	1100	600	1050	600	2.42	3.95
BergerPaints(10/100/e)	9003	4.2	16.3	3.2	48.9	100.5	0.4	2.64	2.6	1.76	1.72	4.20	7.4	20.0	49	37.50	9.52	1:1	88	47	55	35	43	35	5.01	0.82
Best&Cromp(10/50/e)	9003	7.6	16.6	4.8	32.0	176.9	2.3	3.68	2.1	2.06	1.46	2.72	7.1	10.0	52	52.50	16.51	3:5	82	27	78	35	54	26	2.23	1.41
Bhadrachalam(10/50/e)	9003	10.6	24.4	0.0	33.1	123.0	1.0	15.23	12.3	8.11	12.61	7.63	23.0	32.5	27	172.50	20.26	–	–	–	154	80	175	75	2.10	4.66
BharatForge(10/50/e)	9003	14.6	44.3	0.0	40.3	184.7	11.8	21.08	10.7	9.91	8.39	6.77	16.8	22.8	40	240.00	34.35	1:1	88	59	275	85	260	140	0.98	5.78
BharatVijay(100/5/e)	9003	2.8	13.1	6.5	571.5	76.0	1.2	5.62	7.3	2.90	2.40	104.69	13.0	22.0	25	925.00	8.60	1:6	83	54	1500	475	1150	570	2.45	1.57
BiharAlloys(10/50/e)	9003	8.3	0.9	0.0	11.1	93.5	0.3	0.30	0.3	-1.76	-1.76	-4.46	-40.1	–	NA	19.00	NA	–	–	–	40	19	23	15	NA	1.71
BimetalBear(10/50/e)	9003	3.8	12.1	0.0	41.7	27.4	1.0	7.60	26.7	3.93	4.11	10.26	24.6	21.0	19	180.00	14.62	1:1	89	76	230	80	180	120	1.39	3.60
BindalAgro(10/50/e)	8912	14.9	48.3	0.0	42.5	122.1	5.4	16.41	12.9	13.01	13.01	8.76	20.6	50.00	57	38.00	4.42	–	–	–	85	38	55	36	12.89	0.91
BirlaJute(10/100/e)	9003	20.4	95.3	64.5	56.8	467.8	16.2	26.60	5.5	4.65	4.69	2.28	2.6	18.0	78	335.00	98.56	1:1	86	86	240	52	340	155	0.80	3.96
BlueStar(10/50/e)	9003	3.6	15.5	10.4	53.6	170.7	4.3	7.44	4.3	4.72	4.72	13.27	16.0	30.0	23	63.00	4.99	1:1	90	83	180	70	130	58	4.51	1.24
BombayDyeing(10/50/e)	9003	11.2	88.2	0.0	88.5	387.4	6.6	49.72	12.6	23.62	22.02	21.01	23.8	40.0	20	278.75	11.30	1:1	90	87	445	155	280	150	1.69	2.69
Boots(10/50/e)	9003	8.1	11.1	0.0	23.7	75.8	2.4	9.34	11.9	4.74	4.73	5.85	24.7	30.0	51	195.00	23.92	1:1	87	86	145	90	200	93	2.14	5.92
Britannia(10/100/e)	9003	18.6	27.3	0.0	24.7	314.3	7.0	17.36	5.4	9.76	10.14	5.26	21.3	24.0	44	180.00	27.59	1:2	89	89	170	52	190	110	1.66	5.88
BrookeBond(10/50/e)	9012	44.2	53.5	0.0	22.1	637.2	12.3	58.03	9.4	31.44	32.68	6.21	32.7	40.0	46	147.50	19.03	4:5	89	83	175	92	160	120	2.15	7.34
BST(10/50/b)	8903	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-3.21	-8.2	–	NA	9.50	NA	1:1	74	36	NA	NA	–	–	NA	0.68
CableCorp(10/100/e)	9003	9.0	25.9	0.0	38.8	128.5	3.8	15.71	11.9	9.89	9.79	10.99	28.3	28.0	26	100.00	9.19	1:2	87	71	118	60	110	89	2.77	2.60
Cadburys(10/50/e)	9003	8.4	14.7	0.0	27.5	108.4	1.0	11.65	10.7	5.30	5.55	6.31	23.0	35.0	53	185.00	24.96	1:1	87	80	189	134	193	135	2.22	5.73
Camphor&Allied(10/50/e)	9003	3.3	8.1	0.0	34.5	38.0	0.4	5.40	14.1	3.49	3.08	10.54	30.5	25.0	27	62.50	5.57	1:3	82	41	95	40	73	43	4.27	1.70
Carborundum(10/50/l)	9003	8.3	27.7	4.8	43.4	50.4	1.2	8.30	16.1	4.20	4.20	8.69	17.7	25.6	30	143.50	15.20	2:5	87	–	131	75	144	98	1.13	3.04
Castrol(10/50/f)	9103	9.8	40.3	1.7	54.3	183.9	4.4	34.00	6.6	21.08	21.11	9.76	17.0	4.5	36	402.50	27.91	3:5	90	63	320	161	433	163	0.99	5.02
Ceat(10/50/e)	9006	14.8	85.6	23.6	68.0	499.5	15.9	31.01	6.0	22.44	18.68	15.20	18.1	30.0	24	95.00	5.84	1:2	86	–	160	68	103	70	3.38	1.31
Cemindia Co(10/50/e)	9003	1.3	8.6	0.0	77.1	23.1	0.1	2.22	9.6	0.89	0.73	6.95	9.0	30.0	52	135.00	15.46	3:5	84	38	150	75	140	80	2.76	1.39
ChowguleStShip(10/50/e)	9003	10.0	2.4	0.0	12.4	53.3	0.0	13.75	25.8	2.29	2.29	2.29	18.5	–	NA	97.00	10.92	5:2	77	35	34	14	99	13	NA	2.02
ClassicDiam(10/100/e)	9003	3.5	7.1	0.0	30.2	73.2	0.1	5.50	7.5	5.18	5.26	14.80	49.0	20.0	13	57.00	2.94	–	–	–	84	48	60	38	4.60	1.44
CochinRef(100/5/e)	9003	71.7	136.5	0.0	290.4	1342.6	0.7	94.75	7.1	64.46	68.76	89.91	31.0	21.0	21	830.00	10.45	–	–	–	996	480	950	670	2.14	3.24
ColourChem(100/5/e)	9003	7.9	14.2	0.0	278.2	111.7	4.2	5.83	5.0	2.36	3.41	29.72	10.7	22.0	51	1150.00	33.64	2:5	80	84	850	575	1175	625	2.20	3.59
ConsFounda(10/100/e)	9003	0.5	1.2	0.0	33.5	7.1	0.7	0.80	10.2	0.13	0.15	2.50	7.5	14.0	47	18.00	6.00	–	–	10	45	20	25	11	8.97	0.45

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 14 Aug	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Pr t Bk Tin
CromptonGr(100/5/e)	9003	19.2	38.8	27.8	302.3	510.4	7.0	27.26	5.3	13.08	13.45	68.13	15.2	18.0	26	1375.00	19.45	1:1	89	84	1800	800	1375	683	1.36	4
Cyanamid(10/50/e)	9003	5.3	12.5	0.0	33.8	66.8	2.4	8.27	12.0	4.09	4.06	7.79	23.0	25.0	32	172.50	17.97	9:4	79	73	150	86	173	81	1.78	4
DCM(10/100/e)	9003	23.0	37.8	0.0	26.4	774.8	25.5	25.48	3.2	9.85	7.63	4.28	16.2	--	NA	250.00	64.27	4:5	71	61	110	46	300	123	NA	10
DCW(10/50/e)	9003	5.9	23.5	5.0	49.8	133.6	2.1	13.27	9.8	6.41	4.51	10.88	18.6	25.0	33	105.00	7.58	1:1	88	67	155	40	113	55	3.03	1
DeepakFert(10/50/e)	9003	32.7	37.1	0.0	21.3	36.2	13.7	21.86	43.9	11.95	11.97	3.58	16.8	18.0	31	29.00	8.09	–	–	–	44	26	32	24	3.85	1
DeepakNitrite(10/50/e)	9003	2.4	8.4	8.8	44.7	37.5	4.8	5.90	13.9	3.54	3.63	14.57	18.0	30.0	20	105.00	5.83	2:5	85	81	155	80	108	81	3.53	1
DharamsiChem(10/50/e)	9003	6.4	14.8	0.0	33.0	120.8	2.4	10.51	8.5	6.22	4.09	9.69	29.3	25.0	39	52.00	4.77	2:5	79	88	100	40	75	40	5.42	1
Dunlop(10/100/e)	9003	19.0	67.2	88.8	45.4	572.7	8.4	26.80	4.6	8.15	9.08	4.25	4.6	30.0	63	70.00	12.94	1:3	76	54	90	50	73	33	5.46	1
Duphar(10/50/e)	9003	1.8	3.9	0.0	31.4	33.0	0.9	2.07	6.1	1.04	1.04	5.65	18.0	14.0	25	82.50	13.27	1:3	88	74	100	40	95	59	1.88	2
EicherMotors(10/100/e)	9003	10.0	0.3	0.0	10.3	113.6	0.6	4.25	3.7	3.21	3.21	3.21	31.3	–	NA	40.00	14.94	–	–	–	56	13	54	34	NA	4
EID-Parry(10/50/f)	9003	6.3	18.2	13.2	39.0	162.5	26.3	12.74	6.7	5.10	5.10	10.83	18.0	29.9	28	130.00	8.77	–	–	–	105	72	140	69	2.36	2
EleconEngg(10/50/e)	9003	5.7	26.6	0.0	57.1	99.8	1.7	7.54	7.4	0.78	1.03	1.38	2.4	12.0	66	50.00	37.12	3:5	87	61	88	53	55	48	2.35	0
ElgiEquip(10/50/e)	9003	1.0	10.9	0.0	119.0	58.4	0.8	4.03	6.8	1.77	1.77	17.70	14.9	20.0	11	295.00	14.69	1:1	86	88	350	200	310	190	0.77	2
Enfield(10/100/f)	8903	5.0	0.0	9.0	10.0	53.9	0.2	0.74	1.4	-1.36	-1.36	-3.99	-14.3	--	NA	22.50	NA	1:1	85	31	21	6	--	–	NA	1
EnglishElect(10/100/e)	9103	18.0	18.2	0.0	35.1	128.7	1.7	15.20	10.3	7.06	19.03	7.40	21.1	13.5	34	90.00	9.26	1:1	90	88	154	56	133	63	3.65	1
Escorts(10/50/e)	9003	33.9	103.4	22.4	40.5	794.8	25.0	45.20	5.5	22.69	22.50	6.69	14.2	30.0	45	160.00	24.65	3:5	86	57	215	78	170	135	1.82	4
Eskayef(10/50/e)	9003	7.5	26.6	0.0	45.4	67.2	1.1	12.64	18.5	7.83	7.83	10.44	23.0	30.0	29	210.00	17.84	1:2	88	33	200	116	215	110	1.61	4
EssarShipp(10/100/e)	9006	46.4	71.2	0.4	25.3	149.0	0.6	59.07	39.5	36.42	37.08	7.77	30.6	22.0	28	56.50	4.31	–	–	–	49	25	65	20	6.57	1
EssenComp(10/50/e)	9003	1.3	8.4	0.0	73.2	23.6	0.8	2.81	11.5	1.80	1.80	13.53	18.5	25.0	18	23.75	2.68	–	–	–	120	48	75	17	6.84	0
EverestBldg(10/50/e)	9003	2.5	15.4	0.0	72.3	78.2	2.0	6.69	8.3	4.39	3.56	17.77	24.6	20.0	24	120.00	7.03	1:3	66	41	290	95	160	88	2.79	1
ExcelInd(10/50/e)	9003	4.6	18.1	0.0	49.1	101.9	4.8	14.79	13.9	9.23	7.38	19.98	40.7	50.0	31	335.00	17.33	4:5	84	84	430	167	365	220	1.44	7
FerroAlloys(10/50/e)	9003	8.7	55.8	0.0	73.9	215.9	5.2	22.31	10.1	14.74	14.46	16.88	22.8	16.2	10	65.00	2.22	1:2	80	43	126	45	70	33	4.31	0
FinolexCables(10/50/e)	9003	3.2	38.5	0.0	128.9	109.8	7.1	13.59	11.6	9.15	9.15	28.24	21.9	50.0	18	220.00	7.83	4:5	88	44	410	195	260	170	2.26	1
FinolexPipes(10/100/e)	9003	10.9	6.5	0.0	16.0	74.1	2.0	4.77	6.3	3.17	3.48	2.91	18.2	18.0	39	30.00	8.09	–	–	51	65	24	33	20	5.34	1
GE Shipping(10/100/f)	9003	68.1	87.0	0.0	22.8	213.1	16.0	78.27	34.2	39.84	3.91	5.85	25.7	20.0	218	98.25	6.79	2:3	81	36	55	27	99 **	26	3.15	1
GeneralElect(10/50/e)	9003	14.4	24.4	0.0	27.0	173.3	2.6	8.96	5.1	5.20	5.20	3.61	13.4	10.0	28	68.00	12.74	1:1	89	77	48	8	69	30	2.17	1
GermanRem(10/50/e)	9003	3.3	9.2	0.0	38.3	69.8	4.2	7.27	9.8	4.32	4.47	13.25	34.6	20.0	15	136.25	8.30	3:5	82	80	400	68	155	85	1.81	2
Glaxo(10/50/e)	9003	20.0	56.0	0.0	38.0	334.1	15.6	23.34	6.7	10.55	15.37	5.28	13.9	27.0	35	135.00	19.05	1:3	80	54	128	80	145	83	2.69	2
GNFC(10/50/e)	9003	89.0	99.9	0.0	21.2	330.4	3.8	55.00	16.5	5.68	5.68	0.64	3.0	10.0	125	47.00	64.24	–	–	–	60	33	47	34	1.95	1
GodfreyPhil(10/100/e)	9003	2.6	6.4	0.0	34.8	466.1	2.4	9.61	2.1	3.97	3.97	15.19	43.7	50.0	33	390.00	18.43	1:1	75	34	250	48	400	175	1.79	8
GokakPatel(10/50/e)	9003	6.5	26.0	0.0	49.8	101.7	2.8	15.43	14.8	8.93	7.43	13.70	27.5	32.1	28	295.00	17.34	1:1	87	79	270	75	300	150	1.35	4
GoodlassNero(10/50/e)	9003	3.2	8.3	7.8	35.5	141.1	0.7	5.32	3.8	2.75	2.75	8.49	14.3	20.0	24	62.50	6.33	5:7	78	57	160	60	88	53	3.73	1
GordonWood(10/50/e)	9003	2.5	1.1	3.4	14.6	15.8	3.0	-0.71	-3.8	-0.85	-0.85	-3.41	-12.1	--	NA	17.00	NA	–	–	23	18	7	17	7	NA	0
GraphiteIndia(10/50/e)	9003	4.2	11.6	0.0	37.5	55.5	1.6	5.20	9.1	2.85	2.93	6.77	18.0	20.0	29	36.25	5.54	1:2	80	56	56	15	53	32	5.32	1
Grasim(10/50/e)	9103	60.5	343.7	49.5	52.0	1229.0	94.4	183.5	11.9	96.00	130.0	11.38	18.0	35.0	23	301.25	20.82	3:4	88	61	278	106	303	168	1.27	4
GreavesCotton(100/50/e)	9003	9.9	27.6	0.0	379.9	212.9	3.6	11.13	5.1	5.27	6.54	53.14	14.0	18.0	27	105.00	1.32	1:2	88	86	115	70	105	60	25.64	0
GSFC(10/50/e)	9003	44.4	335.7	0.0	85.6	682.5	10.9	88.78	12.8	54.09	40.08	12.17	14.2	30.0	29	241.25	17.67	3:10	87	64	308	155	242	158	1.20	2
GTC Ind(10/50/e)	9003	5.0	14.7	43.7	39.3	223.2	21.6	8.13	3.3	5.40	5.40	10.80	8.5	35.0	32	103.75	8.89	1:4	72	66	85	21	110	55	3.65	2
Guj Alkalies(10/50/e)	9003	17.9	33.9	0.0	28.9	112.4	0.8	20.31	17.9	7.55	6.05	4.22	14.6	26.0	77	173.00	35.88	1:5	87	18	140	75	173	120	1.72	5
Guj Ambuja(10/100/e)	9006	20.0	15.1	0.0	17.5	117.2	1.9	23.29	19.6	14.51	14.46	7.26	41.4	25.0	35	242.50	21.64	–	–	–	136	21	245	94	1.59	8
Guj Steel(10/50/e)	9003	4.6	11.1	6.5	34.1	125.2	0.3	4.52	3.6	1.97	1.97	4.28	8.9	15.0	35	22.00	5.14	1:1	82	57	47	22	27	19	6.82	0
HCL(10/100/e)	9006	14.9	29.4	0.0	29.8	226.7	3.3	7.93	3.4	5.65	6.14	3.80	12.8	10.0	24	75.00	17.74	–	–	–	70	24	83	30	1.48	2
HDFC(100/10/f)	9003	20.0	65.0	0.0	424.9	180.0	14.4	34.24	17.6	24.72	24.72	123.60	29.1	20.0	16	455.00	3.22	–	–	–	480	300	560	250	5.03	0
Herdillia(10/50/e)	9003	7.4	29.9	13.8	50.6	110.6	2.2	15.45	13.7	7.72	7.47	10.50	15.1	26.0	26	95.00	8.33	1:2	78	33	140	75	100	78	2.97	1
HeroHonda(10/50/e)	9003	16.0	0.0	0.0	10.0	149.8	2.9	6.97	4.6	-0.32	-0.32	-0.20	-2.0	--	NA	115.00	NA	–	–	–	85	15	122	58	NA	8
Hind Ciba(100/5/e)	9003	17.7	48.2	0.0	371.9	246.3	4.6	31.14	12.4	13.74	13.74	77.58	20.9	32.0	41	1860.00	15.15	1:2	80	74	1900	650	1975	700	2.72	3
Hind Motors(10/100/e)	9003	26.4	46.7	31.6	27.7	609.7	7.9	14.97	2.4	2.02	4.67	0.77	1.9	7.5	42	33.75	28.39	1:1	86	58	57	20	35	17	3.45	0
HindLever(10/50/e)	9012	93.3	162.1	0.0	27.4	1201.1	6.0	128.0	10.4	65.85	74.03	5.77	23.5	42.0	59	141.25	20.23	1:1	87	91	173	101	195	144	2.15	6
HMM (10/50/e)	9003	14.2	28.0	0.0	29.7	141.1	5.0	28.03	19.2	16.98	18.03	11.97	40.3	62.0	49	402.50	31.61	1:1	87	96	403	230	420	305	1.64	12
Hoechst(100/5/e)	9003	9.6	40.0	16.1	517.0	256.9	29.5	14.17	4.9	9.05	6.44	94.47	13.8	20.0	30	3800.00	30.70	1:2	82	72	3300	1260	3950	2650	0.69	5
HyderabadInd(10/50/e)	9003	5.7	41.3	8.5	82.8	133.8	4.4	14.24	10.3	7.37	7.37	13.00	13.3	30.0	23	170.00	11.54	1:1	88	83	153	77	175	130	2.00	1
ICI India(10/50/e)	9003	40.9	38.8	71.8	19.5	507.2	137.7	18.32	2.8	-12.19	-12.19	-2.98	-8.1	--	NA	70.00	NA	1:3	78	21	70	31	80	28	NA	2
IndiaCements(10/50/e)	9003	4.9	20.9	22.9	52.6	146.5	2.1	7.45	5.0	2.81	2.47	5.73	5.8	15.0	30	252.50	23.76	2:5	70	29	170	15	255	88	1.11	2
IndiaFoils(10/50/e)	9003	4.4	16.2	3.7	47.0	113.3	1.3	5.13	4.5	2.10	2.10	4.79	8.7	23.0	48	87.50	16.89	1:4	82	11	100	65	88	75	2.85	1
IndianAlum(10/100/d)	8903	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	5.35	20.5	20.0	37	190.00	36.71	2:5	77	38	260	110	207	150	1.27	7
IndianDystuff(100/5/e)	9003	11.3	17.0	14.2	250.1	206.3	10.7	13.46	6.2	4.18	3.25	36.96	9.8	14.0	49	1125.00	17.32	1:4	80	33	850	250	1150	450	2.18	2
IndianHotels(10/50/e)	9003	14.8	51.4	0.0	44.8	138.3	3.3	20.57	14.5	11.52	8.52	7.79	17.4	25.0	43	140.00	12.20	1:2	89	66	135	83	150	90	2.63	2
IndianOrganic(10/50/e)	9003	18.4	26.4	0.0	24.3	240.4	5.2	22.16	9.0	8.52	8.52	4.63	19.0	15.0	32	62.00	9.29	1:2	85	46	91	35	63	31	3.49	1
IndianRayon(10/50/e)	9003	25.4	134.5	58.4	62.9	405.2	8.9	47.55	11.5	19.79	19.86	7.78	9.1	30.0	38	169.00	14.01	1:4	80	3	175	84	179	114	2.75	1
IndiaSteamship(10/50/e)	8903	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	11.72	-26.6	--	NA	21.25	1.15	1:1	75	27	19	12	22	9	NA	

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; j-17 months; k-13 months; l-7 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 14 Aug	P/E Multiple	Last Bonus		Bonus % in Cap	MarketPrice				Yield on Mkt Price (%)	Price to BkVal Times
																		Ratio	Year		High 1990 Rs	Low 1990 Rs	High 1991 Rs	Low 1991 Rs		
IngersollRand(10/50/e)	9003	15.8	34.3	0.0	31.7	111.3	7.8	21.96	18.4	14.34	15.09	9.09	28.7	25.0	26	355.00	37.69	1:1	89	98	305	190	385	240	0.73	10.80
IOL (10/50/e)	9003	14.6	18.1	13.4	22.4	168.4	1.4	7.85	4.6	0.25	1.80	0.17	0.5	10.0	81	67.00	286.2	1:3	85	81	56	31	71	30	2.04	2.19
ITC(10/100/e)	9003	66.3	152.3	0.0	33.0	1807.6	19.7	98.93	5.4	52.62	48.87	7.93	24.1	37.5	51	247.50	20.11	1:1	89	63	180	50	265	103	2.35	4.84
Jagatjitind(10/100/e)	9003	6.1	23.3	3.8	48.4	151.6	1.5	13.44	8.8	5.97	6.34	9.83	18.0	35.0	34	98.00	9.66	1:1	88	92	120	74	105	80	3.70	1.96
Jaiprakash(10/100/e)	9003	66.1	49.0	9.5	17.4	309.9	17.9	42.50	13.0	17.04	17.11	2.58	13.7	15.0	58	50.50	13.00	–	–	–	37	13	54	18	4.47	1.92
JayshreeTea(10/50/e)	9103	6.2	33.3	22.2	46.5	126.0	27.1	28.26	22.4	12.89	19.30	13.59	16.3	32.5	23	220.00	13.24	1:2	85	92	240	77	240	170	1.53	3.87
Jenson&Nichol(10/50/e)	9003	1.5	6.0	1.9	50.1	76.8	0.4	2.82	3.7	1.84	1.84	12.16	19.4	20.0	16	85.00	6.62	8:7	82	35	148	69	91	73	2.48	1.61
JindalStrips(10/100/e)	9003	6.6	27.0	0.0	50.8	276.0	4.9	19.06	6.8	11.92	9.67	18.06	35.5	40.0	16	275.00	12.46	1:1	89	79	280	100	280	135	1.05	4.43
JK Synth(10/100/e)	8903	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	4.69	6.5	22.0	39	55.00	8.22	1:3	83	53	90	35	56	27	4.84	0.88
Jyoti(10/50/e)	9003	2.7	10.2	8.5	48.2	48.3	0.2	-0.06	-0.1	-0.64	-0.99	-2.39	-3.0	–	NA	29.00	NA	1:2	77	24	40	8	30	18	NA	0.46
KanoriaChem(10/100/e)	9003	4.0	17.1	0.0	52.4	74.6	3.7	6.11	7.8	1.07	1.17	2.65	5.1	15.0	51	63.00	20.39	1:2	89	78	48	13	63	27	2.75	1.03
KEC Inter(10/50/e)	9003	7.3	32.3	4.3	54.0	112.7	3.2	5.31	4.6	2.89	3.31	3.94	6.6	18.0	36	43.75	11.43	1:1	83	24	75	37	54	34	3.63	0.83
KesoramInd(10/100/e)	9003	11.5	54.7	46.4	57.7	217.5	8.1	10.86	4.8	-1.70	3.14	-1.60	-1.6	8.7		130.00	NA	1:2	79	54	135	42	133	65	0.92	1.65
KineticEngg(10/50/e)	9003	2.4	22.6	0.0	104.1	122.0	2.6	13.74	11.0	3.70	1.84	15.42	14.8	25.0	33	220.00	10.95	1:1	89	78	355	134	225	160	1.48	1.62
KineticHonda(10/100/i)	8903	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	1.35	10.5	–	NA	95.00	48.30	–	–	–	98	40	98	54	NA	5.06
KirloskarCum(10/50/e)	9003	26.4	50.0	0.0	29.0	227.3	5.9	25.70	11.0	11.65	9.66	4.41	15.2	20.0	55	188.00	31.05	1:1	86	94	125	65	188	104	1.46	4.73
KirloskarOil(10/50/e)	9003	5.8	17.3	0.0	40.1	140.2	4.1	7.30	5.1	3.41	2.93	5.74	14.3	16.0	33	77.50	11.54	3:7	76	77	70	27	84	34	2.42	1.65
KirloskarPneu(10/50/e)	9003	3.9	11.1	0.0	38.8	75.0	2.8	6.84	8.8	2.79	2.74	7.25	18.7	18.0	25	40.00	6.90	–	–	–	88	37	58	35	3.58	1.29
KothariInd(10/50/f)	9003	7.8	9.9	40.0	22.6	50.5	6.0	7.58	13.4	6.35	5.31	10.80	14.7	24.0	26	85.00	5.44	–	–	–	108	32	85	45	2.95	2.60
KSB Pumps(10/50/e)	9003	8.7	19.3	0.0	32.1	54.6	1.3	12.47	22.3	6.36	6.30	7.31	22.7	20.0	28	220.00	28.04	1:1	89	90	260	160	230	170	0.98	6.38
L & T(10/50/e)	9003	68.1	268.6	80.0	49.5	1091.6	26.8	99.51	8.9	38.73	42.97	5.69	9.3	25.0	37	148.75	16.87	3:5	86	56	173	57	150	90	2.44	1.94
LakhanpalNat(10/50/e)	9003	4.6	8.1	0.0	27.7	67.5	2.0	2.19	3.2	0.93	0.08	2.04	7.4	16.0	800	57.50	18.92	1:1	87	25	40	23	65	27	3.64	1.39
LakshmiMach(100/5/e)	9003	6.1	25.3	0.0	513.9	185.4	0.7	21.07	11.3	8.44	8.44	138.36	26.9	25.0	18	3900.00	29.99	1:2	89	58	4250	690	4200	2715	0.60	8.07
MadrasCement(100/5/e)	9103	3.0	30.5	0.0	539.1	139.4	0.5	29.12	11.0	18.51	19.41	19.9	3.7	30.0	NA	6200.00	229.0	–	–	–	4200	421	6200	3100	NA	8.44
MaduraCoats(10/50/e)	9003	21.8	56.5	55.6	35.9	337.1	5.4	34.65	10.1	18.47	18.74	8.47	13.8	40.0	47	225.00	21.85	1:2	86	47	325	101	265	183	2.17	5.15
MafatlalDyes(10/50/e)	9003	2.1	7.1	0.0	44.0	50.5	1.3	2.26	4.4	1.14	1.14	5.43	12.4	20.0	37	66.25	8.29	1:4	89	80	63	29	74	30	4.44	1.02
MafatlalFine(100/5/e)	9003	14.9	19.0	0.0	227.6	204.3	20.6	2.00	0.9	-4.79	-4.35	-32.19	-14.1	–	NA	635.00	NA	1:3	80	39	770	205	705	330	NA	1.76
MafatlalInd(100/5/e)	9003	13.5	43.8	0.0	425.7	150.2	12.2	11.15	6.9	3.05	3.05	22.68	5.3	22.0	97	1350.00	42.78	1:5	78	25	1450	360	1425	650	2.27	2.28
MahaScooters(10/50/e)	9003	2.9	36.4	0.0	137.4	109.8	14.1	16.96	13.7	12.36	10.14	43.22	31.5	40.0	11	207.50	5.03	1:1	90	65	570	175	218	170	1.83	1.58
Mah&Mah(10/50/e)	9003	19.3	84.5	29.0	53.9	883.6	38.0	40.15	4.4	15.97	12.60	8.29	12.0	25.0	38	100.00	9.05	2:3	84	72	130	65	115	65	3.34	1.39
MangChem(10/50/d)	8903	12.4	12.4	0.0	20.0	144.8	36.3	10.09	5.6	8.85	12.74	5.70	28.6	8.0	10	14.25	2.19	–	–	–	39	14	17	11	7.99	0.63
McDowells(10/100/e)	9003	7.7	54.0	55.6	80.3	230.2	9.8	14.59	6.1	8.11	8.11	10.55	6.9	25.0	24	61.00	6.07	1:1	86	–	100	64	74	56	3.91	0.80
Mico(100/5/e)	9012	38.1	78.4	0.0	278.3	325.0	7.4	59.90	18.0	14.93	15.89	38.40	13.8	14.0	32	1400.00	26.30	1:1	86	91	1350	690	1525	700	1.39	3.63
ModiInd(10/100/e)	9003	3.3	4.5	10.9	23.5	197.0	7.9	-6.61	-3.2	-10.19	-14.17	-30.91	-54.8	–	NA	13.00	NA	1:5	69	26	33	15	20	10	NA	0.53
ModiRubber(10/50/e)	9003	10.4	56.0	0.0	63.9	473.8	8.5	25.06	5.2	6.08	7.16	5.86	9.2	25.0	36	80.00	10.50	–	–	–	100	44	83	50	4.07	0.96
ModiSteels(10/100/e)	9003	2.4	2.5	0.0	20.5	20.6	0.4	1.52	7.2	1.08	1.08	4.58	22.3	18.0	40	42.00	7.65	1:1	87	14	48	23	42	28	5.21	1.71
ModiXerox(10/50/e)	9003	19.5	4.7	0.0	12.4	123.8	0.5	12.31	9.9	6.03	6.03	3.10	25.0	16.0	52	82.50	22.60	–	–	–	110	60	88	60	2.29	5.65
MRF(10/50/e)	9009	3.9	63.2	0.0	152.4	341.7	1.6	26.35	5.6	9.54	8.36	31.99	21.0	30.0	23	565.00	14.14	1:2	75	46	470	190	570	300	1.32	2.97
Mukand(10/50/e)	9003	14.7	49.5	43.3	43.6	527.4	5.0	32.24	6.1	19.03	13.77	12.91	17.7	30.0	32	142.50	14.91	1:2	88	72	275	127	233	117	1.56	4.42
NationalRayon(100/5/e)	9003	6.0	8.2	63.5	237.1	201.6	2.0	13.10	6.4	10.89	10.89	181.20	14.0	–	NA	880.00	2.26	1:4	72	23	1700	385	900	328	NA	1.73
NationalSteel(10/100/e)	9003	10.8	2.9	0.0	12.7	73.7	0.5	2.67	3.6	0.45	0.38	0.42	3.3	–	NA	14.50	31.26	–	–	–	31	9	18	12	NA	1.02
NipponDenro(10/100/i)	9006	19.2	35.5	0.0	28.5	408.1	1.8	24.23	5.9	13.24	13.60	5.90	20.7	22.0	28	25.00	4.32	–	–	–	61	36	40	23	7.88	0.90
Nirlon(10/50/e)	9003	15.8	7.2	16.1	14.6	164.4	2.0	-8.20	-4.9	-20.65	-18.64	-13.10	-52.9	–	NA	33.00	NA	1:2	82	48	43	14	39	17	NA	1.48
NOCIL(100/5/e)	9103	36.0	131.2	0.0	405.2	498.1	17.9	74.45	17.4	35.75	35.76	117.33	29.0	40.0	34	1675.00	10.87	1:2	86	67	1900	900	1900	925	3.14	3.15
OrientalCarbon(10/50/e)	9003	3.2	9.0	5.7	37.8	50.8	0.2	3.59	7.1	1.17	2.50	3.63	6.6	20.0	26	42.00	11.56	1:3	89	25	90	34	68	35	4.73	1.11
OrientPaper(10/100/e)	9003	11.5	83.8	0.0	83.2	237.8	5.5	17.79	7.3	4.71	9.56	4.10	4.9	18.0	22	200.00	40.3	1:1	86	–	180	65	210	125	1.11	1.98
OrissaCement(10/100/e)	9103	5.4	43.7	13.7	67.2	145.1	5.0	23.26	8.3	14.19	14.47	2.26	2.3	25.0	81	210.00	74.36	1:1	87	58	175	25	225	125	1.19	2.50
OTIS(10/50/e)	9003	5.4	20.3	0.0	47.9	59.1	1.5	8.76	14.5	4.04	3.57	7.52	15.7	25.0	36	205.00	28.58	1:1	85	80	265	170	220	170	1.10	4.49
ParkeDavis(10/50/e)	9003	7.5	9.8	0.0	23.0	81.2	0.6	8.46	10.3	5.17	5.19	6.87	29.8	35.0	51	117.50	12.09	3:5	78	31	133	80	120	70	4.22	3.60
PeicoElect(10/100/e)	9003	33.3	16.9	19.3	15.1	417.9	4.1	15.97	3.8	3.24	1.92	0.97	4.7	10.0	173	127.50	92.56	1:5	82	49	85	17	128	53	1.11	5.98
PhillipsCarbon(10/50/e)	9009	5.3	6.9	2.5	23.2	82.9	2.4	2.55	3.0	0.90	0.83	1.71	6.1	14.0	89	42.50	21.92	2:5	84	70	53	33	45	30	3.75	1.62
Polyolefins(100/5/e)	9103	19.3	64.8	0.0	392.7	256.9	9.1	38.20	15.9	16.06	16.07	93.99	23.9	40.0	37	1650.00	13.57	1:2	88	69	1525	850	1650	900	2.75	3.25
PrakashTubes(10/50/e)	9003	3.5	10.7	2.8	40.4	81.6	0.8	6.57	8.0	3.23	1.17	9.20	19.0	24.0	72	40.00	4.35	3:4	81	9	80	33	46	31	5.98	0.99
PremierAuto(10/50/e)	9006	22.8	73.9	50.1	42.5	551.0	10.7	29.41	5.2	15.82	14.27	6.95	10.8	30.0	46	61.00	6.69	1:1	86	38	80	37	65	32	6.16	1.09
Procter&Gamble(10/50/e)	9006	6.7	15.2	0.0	32.8	75.3	1.5	6.40	8.3	4.48	5.60	6.71	20.4	30.0	36	260.00	40.26	4:5	88	82	390	185	280	190	1.11	8.23
PudumjeePulp(10/50/e)	9103	3.1	22.1	0.0	67.8	60.9	2.3	11.45	18.2	4.90	4.90	20.36	30.0	18.0	10	135.00	6.39	1:5	82	55	200	90	138	83	1.15	1.92
PunjabConcast(10/50/f)	8903	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	41.69	40.7	33.3	7	220.00	5.04	–	–	–	350	157	250	160	1.17	2.05
PunjabTractors(10/50/e)	9003	3.2	26.9	0.0	95.3	158.6	2.1	13.81	8.6	7.57	6.41	24.03	25.2	50.0	25	260.00	8.84	2:5	81	29	400	135	275	140	2.36	2.23
Ralis(10/50/e)	9003	9.5	35.6	0.0	47.3	356.0	4.6	5.63	1.6	1.83	1.83	1.92	4.1	10.0	52	110.00	50.77	3:10	77	12	130	67	141	71	1.02	2.06
RanbaxyLabs(10/50/e)	9003	9.1	31.5	0.0	44.6	199.1	8.3	13.35	6.4	8.09	5.29	8.87	19.9	25.0	43	272.50	17.19	1:1	88	NA	130	86	273	100	1.64	3.42

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 14 Aug	P/E Multiple	Last Bonus		Bonus % in Cap	MarketPrice				Yield on Mkt Price (%)	Price to BkVal Times
																		Ratio	Year		High 1990 Rs	Low 1990 Rs	High 1991 Rs	Low 1991 Rs		
Rasoi (10/50/e)	9003	1.2	6.6	0.0	64.7	59.3	1.1	1.64	2.7	0.64	0.84	5.33	8.2	20.0	29	72.50	12.56	1:2	85	35	85	48	74	45	2.99	1.04
RathiAlloys(10/50/e)	9003	2.9	19.5	0.0	77.3	112.0	0.5	6.41	5.7	3.59	8.14	12.42	16.1	40.0	14	45.00	4.19	–	–	–	180	53	70	41	7.65	0.67
Raymonds(10/50/e)	9003	22.5	83.6	0.0	47.2	376.6	8.7	41.07	10.7	18.50	18.12	8.08	17.1	20.0	25	171.25	20.29	1:1	87	78	175	70	193	118	1.22	3.47
Reckitt&Col(10/50/e)	8912	8.4	18.1	0.2	31.6	85.2	2.4	14.09	16.1	7.93	7.96	9.45	29.7	40.0	42	240.00	29.10	1:1	88	70	280	198	340	205	1.46	8.71
RelianceInd(10/50/e)	9003	152.1	929.1	0.0	71.1	1840.7	16.9	252.5	13.6	90.50	93.40	5.89	8.3	30.0	49	180.00	22.40	3:5	83	10	245	50	192	91	2.27	1.86
ReliancePetro(10/100/e)	8903	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	0.58	5.8	15.0	90	27.00	62.01	–	–	–	57	21	49	26	1.46	3.58
Revathi CP(10/50/f)	9003	1.6	3.9	0.4	33.9	17.2	0.1	1.64	9.5	0.93	0.95	7.62	20.9	26.5	34	120.00	11.81	1:1	87	50	100	67	120	75	2.21	2.65
RhonePoulenc(10/50/e)	9003	4.5	11.3	0.0	35.2	74.2	2.5	6.19	8.1	4.43	4.43	9.84	28.0	15.0	15	172.50	11.28	–	–	–	125	69	173	83	1.36	3.15
SandvikAsia(100/5/e)	8912	5.8	10.4	0.0	280.1	49.8	1.3	6.89	13.5	2.54	3.21	43.94	15.7	25.0	45	1550.00	29.47	1:1	84	80	1500	610	1550	725	1.92	4.62
Searle (10/50/e)	9103	5.2	20.8	0.0	44.1	64.2	2.5	6.49	11.1	4.12	4.12	7.62	17.3	22.0	26	162.50	17.71	1:2	89	87	170	105	168	100	1.48	3.06
SesaGoa(10/50/e)	9003	5.2	12.7	0.0	34.7	74.7	3.2	7.58	9.7	3.38	3.42	6.56	18.9	18.0	27	447.50	34.66	2:5	86	42	220	89	470	125	0.79	6.56
SeshaPaper(10/100/e)	9003	7.3	0.0	0.0	10.0	58.6	1.4	1.54	2.6	-1.53	-1.53	-2.11	-21.1	–	NA	36.25	NA	1:2	76	24	35	10	45	14	NA	2.00
ShalimarPaint(10/100/e)	9003	1.9	2.1	0.0	21.2	67.2	0.4	1.01	1.5	0.72	0.72	3.81	18.0	10.0	26	70.00	15.75	3:10	82	57	60	38	70	50	1.68	2.83
ShawWallace(10/100/e)	9003	12.0	37.0	20.5	40.8	333.6	34.9	24.87	6.7	13.88	13.93	11.57	20.0	42.5	37	165.00	9.29	1:1	87	94	110	67	170	80	3.95	2.64
ShreeSynth(10/50/e)	9003	5.6	22.0	0.0	49.1	160.1	1.8	17.25	10.7	9.12	7.68	16.23	33.0	40.0	29	70.00	4.01	2:5	84	29	155	42	78	45	6.16	1.32
SI Shipping(100/5/e)	8909	6.0	26.5	0.0	542.3	57.7	6.3	26.49	41.4	16.69	12.17	278.17	51.3	40.0	20	2125.00	4.58	1:2	82	83	1750	875	2190	750	3.14	2.35
SI Viscose(100/5/e)	9003	11.0	38.5	0.0	449.0	132.7	2.1	33.85	25.1	23.59	23.59	213.87	47.6	45.0	21	1525.00	7.25	1:2	87	56	3000	1110	1715	1150	2.90	3.45
SiptaCoated(10/100/e)	9003	18.0	7.5	0.0	14.1	127.6	2.7	5.07	3.9	2.43	2.53	1.35	9.6	15.0	66	13.50	10.36	–	–	–	34	13	19	11	6.59	0.99
SiyaramSilk(10/100/e)	9003	3.7	9.8	0.0	36.6	71.6	2.1	5.10	6.9	2.16	1.94	5.90	16.1	21.0	40	60.00	9.15	1:2	88	42	98	24	74	36	3.90	1.47
SKF Bearings(100/5/e)	9003	24.7	55.4	0.0	324.1	142.0	8.2	44.83	29.9	20.76	19.44	84.01	25.9	15.0	19	2675.00	33.03	1:1	89	80	2775	1230	2925	1725	0.54	8.56
SpecialSteel(10/50/e)	9003	11.4	29.5	0.0	35.9	210.7	1.8	27.17	12.8	14.91	14.91	13.06	36.3	25.0	19	165.00	14.55	1:2	89	45	275	90	215	125	1.32	5.29
SpicElect(10/50/e)	9003	8.2	0.0	0.0	10.0	5.3	0.5	0.29	5.0	-0.53	-0.53	-0.65	-6.5	–	NA	13.50	NA	1:1	86	–	33	12	19	11	NA	1.15
StandardInd(10/50/e)	9003	11.1	37.5	30.6	43.9	223.1	18.0	13.84	5.7	1.79	1.86	1.62	2.3	20.0	119	122.50	43.25	2:5	82	72	128	53	128	51	2.85	1.59
StrawProducts(10/100/e)	9003	10.1	41.2	0.0	50.6	172.8	3.2	18.55	10.5	7.94	7.94	7.76	15.3	30.0	40	170.00	20.74	1:2	72	17	155	73	180	113	1.91	3.18
SundramFast(10/50/e)	9003	5.1	15.7	0.0	40.8	92.5	0.8	8.86	9.5	4.90	5.14	9.61	23.6	27.5	27	112.50	13.01	3:5	88	56	120	61	153	97	2.20	3.06
SupremeInd(10/50/e)	9006	2.3	29.7	0.0	140.2	115.4	0.8	8.98	7.7	5.24	5.27	22.98	16.4	60.0	26	330.00	13.49	1:1	87	70	500	225	335	190	1.94	2.21
SurajDiamond(10/100/e)	9003	10.5	30.9	0.0	39.5	135.3	0.2	11.21	8.3	10.85	10.85	10.35	26.2	25.0	13	52.00	3.86	–	–	–	65	43	54	34	3.44	1.01
SwadeshiPoly(10/50/e)	9003	3.9	19.1	16.9	58.9	66.6	2.6	4.58	6.6	1.83	1.83	4.69	4.6	17.5	37	40.00	7.99	–	–	–	95	38	45	32	4.65	0.64
SylvaniaLaxman(10/50/e)	9003	3.0	2.1	7.3	17.2	39.0	0.6	1.26	3.2	0.43	0.43	1.44	3.5	12.5	86	42.50	22.18	1:2	86	33	45	20	45	23	3.88	1.86
Synth&Chem(10/50/e)	9003	9.9	16.7	24.3	26.9	140.4	1.4	6.79	4.8	3.84	4.63	3.89	7.6	25.0	37	56.25	12.97	–	–	–	84	39	59	39	3.41	1.87
TataChem(10/50/e)	9003	49.2	259.3	0.0	62.7	266.2	42.9	77.30	25.0	40.74	36.12	8.29	13.2	30.0	41	100.50	8.33	2:5	85	27	165	63	103	60	4.35	1.10
TataPower(100/5/e)	9103	20.5	209.6	0.0	612.2	472.3	4.2	48.93	11.5	34.64	34.63	195.18	31.9	20.0	34	1980.00	6.69	1:5	75	–	1950	410	2300	925	1.53	2.13
TataPress(10/50/e)	9003	1.6	5.6	0.0	45.9	19.8	0.8	0.62	3.0	-0.56	-0.56	-3.57	-7.8	10.0	-29	52.50	NA	7:11	83	30	75	43	55	35	2.32	0.96
TataRobins(10/50/e)	9003	3.1	5.1	0.0	26.3	36.3	1.2	2.50	6.7	0.72	0.52	2.31	8.8	16.0	96	57.50	16.25	1:4	77	5	85	36	58	35	4.27	1.43
TataTea(10/50/e)	9003	17.1	110.0	0.0	74.4	256.2	14.3	76.77	28.4	41.49	41.12	24.28	32.6	60.0	25	430.00	14.52	2:5	88	40	490	173	445	275	1.70	4.74
TataTelecom(10/100/e)	9003	4.5	5.8	0.0	23.0	24.8	0.3	2.77	11.0	1.62	1.46	3.60	15.7	–	NA	120.00	20.14	–	–	–	115	45	120	59	NA	3.16
TataUnisys(10/50/e)	9003	4.4	8.9	0.0	30.4	39.1	1.3	9.01	22.3	5.15	5.15	11.76	38.7	30.0	25	300.00	13.61	2:5	87	29	235	24	330	130	1.87	5.27
TCI(10/50/e)	9003	5.1	15.4	15.0	40.3	142.4	1.1	6.74	4.7	1.37	2.02	2.70	3.9	18.0	46	63.00	10.66	1:2	86	81	68	24	66	23	6.30	0.71
Telco(10/50/e)	9003	103.7	378.7	0.0	46.5	1905.9	63.2	197.2	10.0	102.5	94.32	9.88	21.2	30.0	33	305.00	22.78	2:5	82	0	273	110	308	144	1.33	4.84
Tinplate(10/50/e)	9003	10.1	12.2	0.0	22.0	168.0	1.9	5.55	3.3	2.57	2.61	2.54	11.5	15.0	58	47.50	17.72	4:5	76	19	53	25	50	28	3.34	2.04
Tisco(10/50/e)	9003	229.4	1103	0.0	58.1	1976.2	159.4	294.6	13.8	148.5	102.0	6.47	11.1	30.0	50	241.00	28.58	2:5	87	30	275	103	245	134	1.19	3.19
TOMCO(25/5/e)	9003	8.1	24.2	0.0	99.6	335.3	4.2	10.55	3.1	5.36	5.36	16.12	16.2	20.0	33	92.50	4.34	1:5	90	36	390	65	98	60	7.71	0.70
TribeniTiss(10/50/e)	9003	8.0	10.4	0.0	23.1	64.7	0.1	7.05	10.9	4.78	5.26	6.01	26.1	30.0	45	203.00	21.29	1:4	84	31	155	74	203	91	2.35	5.55
TVS Suzuki(10/100/e)	9003	23.1	0.0	0.0	10.0	142.2	1.6	-0.75	-0.5	-5.53	-5.20	-2.39	-23.9	–	NA	27.00	NA	–	–	–	29	9	28	11	NA	1.20
Tw.CenturyFin(10/100/e)	9003	8.9	13.4	3.0	25.1	31.3	1.9	19.44	58.5	4.04	4.03	4.55	16.0	22.0	48	32.50	7.03	2:5	85	34	55	22	39	26	6.86	1.28
UnichemLab(10/50/e)	9003	1.4	4.4	3.5	42.7	51.2	1.7	0.40	0.8	-0.23	0.14	-1.70	-2.5	10.0	100	160.00	NA	1:2	86	67	60	30	160	45	1.22	1.99
UnionCarbide(10/50/e)	9003	32.6	29.9	0.0	19.2	230.6	3.6	9.31	4.0	-13.22	-11.58	-4.06	-21.2	6.0	-17	55.00	NA	1:2	80	74	47	22	61	36	1.31	2.35
Unitech(10/100/e)	9003	7.2	16.5	0.0	32.9	51.1	0.3	6.34	12.3	4.48	4.97	6.21	18.9	22.0	32	36.00	5.79	–	–	57	43	25	39	25	6.13	1.09
UnivCables(10/50/e)	9003	5.3	45.7	15.2	95.6	130.7	3.0	10.27	7.7	5.59	5.59	10.47	8.4	18.6	18	110.00	9.08	1:2	79	22	140	80	110	70	1.95	0.99
VideoconInt(10/100/e)	9003	4.2	33.4	0.0	89.2	417.6	0.2	40.45	9.7	27.16	26.91	64.36	72.1	60.0	6	280.00	3.57	–	–	–	600	180	280	134	1.79	2.58
VikrantTyres(10/50/e)	9003	10.4	4.6	0.0	14.4	218.1	1.2	11.01	5.0	2.00	3.00	1.82	12.6	15.0	54	48.75	15.41	–	–	–	58	20	49	21	5.36	1.94
VindhyaTele(10/100/e)	9003	3.9	11.5	9.5	39.4	54.0	0.4	8.39	15.4	3.13	3.13	8.03	12.6	24.0	30	72.50	8.66	–	–	–	140	64	83	58	3.47	1.76
VIP Ind(10/100/a)	9003	6.0	3.5	0.0	15.8	53.1	1.0	1.11	2.1	-0.47	-0.48	-1.18	-7.4	–	NA	70.00	NA	1:1	84	59	83	17	76	40	NA	4.53
Voltas(10/50/e)	9003	19.9	42.1	0.0	31.2	500.0	3.7	24.81	4.9	18.16	18.26	9.15	29.3	24.0	26	135.00	13.39	1:2	89	49	145	65	138	95	1.96	3.92
VST Ind(10/50/e)	9003	9.7	13.2	16.4	23.7	374.6	2.3	13.72	3.6	5.93	5.93	6.15	15.1	30.0	49	201.25	25.22	3:5	89	85	145	33	202	95	1.94	6.54
WestCoastPaper(100/5/e)	9003	4.1	8.3	0.0	302.2	105.4	1.4	6.16	5.8	4.39	4.39	107.07	35.4	15.0	14	700.00	8.27	1:5	74	37	925	290	890	415	1.71	2.93
WI Enterprises(10/50/e)	9003	4.8	9.0	1.5	28.6	46.2	0.0	3.04	6.6	1.01	0.96	2.10	6.6	16.0	80	15.50	8.57	3:5	83	19	38	18	22	15	8.89	0.63
Wimco(10/50/e)	9003	13.6	5.5	0.0	14.1	121.3	4.4	-6.45	-5.1	-8.55	-4.00	-6.30	-44.8	–	NA	40.50	NA	1:5	70	31	75	17	41	17	NA	1.71
Wipro(10/50/e)	9003	3.7	20.3	0.0	65.1	179.1	7.9	9.23	4.9	4.56	2.82	12.36	19.0	25.0	33	295.00	23.47	1:1	89	95	355	190	320	210	0.86	4.46
ZuariAgro(10/50/e)	9003	12.4	58.4	0.0	56.9	258.7	5.5	19.82	7.5	8.22	11.93	6.13	10.8	30.0	33	80.00	12.23	–	–	–	100	50	95	60	4.00	1.32

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

RALLIS INDIA

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	430.22	362.82
Interest	12.46	11.87
Gross profit	5.50	5.22
Depreciation	3.87	3.44
Taxation	0.50	0.40
Net profit	1.13	1.38
EPS (Rs)	1.19	1.45
RONW (%)		3.04

Rallis' margins have fallen further. The EPS is a low Rs 1.19. At the current price of Rs 120, the company has a very high P/E.

RAMA PETROCHEMICALS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	49.05	42.90
Interest	2.87	3.16
Gross profit	10.48	8.40
Depreciation	3.89	3.41
Taxation	—	—
Net profit	6.58	5.06
EPS (Rs)	6.79	5.22
RONW (%)		34.54

Rama Petro's margins have moved up. At the current price of Rs 44 and on an EPS of Rs 6.79, the company's P/E is 6.48.

RAVALGAON SUGAR

(Rs crore)

	12 months ended 31 Mar 91	18 months ended 31 Mar 90
Sales	37.74	40.33
Other income	—	—
Interest	—	—
Gross profit	1.35	1.94
Depreciation	0.57	0.69
Taxation	0.40	0.60
Net profit	0.38	0.65
EPS (Rs)	55.88	63.24*
RONW (%)		16.35*

Ravalgaon Sugar's margins have fallen. The EPS is Rs 55.88. At the current price of Rs 650, the company's P/E is 11.63.

STEELAGE INDUSTRIES

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales	37.64	36.69
Other income	—	—
Interest	—	—
Gross profit	1.43	1.52
Depreciation	0.33	0.31
Taxation	0.41	0.25
Net profit	0.69	0.96
EPS (Rs)	3.32	4.62
RONW (%)		13.75

Steelage's margins have dipped. At the current price of Rs 34, the company's P/E is 10.24. The EPS is Rs 3.32.

TATA PRESS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	20.87	20.59
Interest	1.84	1.74
Gross profit	1.56	0.62
Depreciation	1.29	1.18
Taxation	—	—
Net profit/(loss)	0.27	(0.56)
EPS (Rs)	1.14	(3.57)
RONW (%)		—

Tata Press' P/E is 47.15 at the current price of Rs 53.75. Both margins have shown good growth. The EPS is Rs 1.14 on an expanded equity capital of Rs 2.36 crore.

VANAVIL DYES

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales	21.33	17.34
Other income	0.63	0.64
Interest	0.42	0.39
Gross profit	1.86	1.31
Depreciation	0.49	0.48
Taxation	—	0.06
Net profit	1.37	0.77
EPS (Rs)	5.71	3.21
RONW (%)	36.34	26.37

Vanavil Dyes' margins have improved. At the current price of Rs 67.50, the company's P/E is 11.82.

JINDAL IRON & STEEL

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	53.49	21.38
Other income	0.84	0.70
Interest	2.95	1.56
Gross profit	4.56	1.10
Depreciation	0.61	0.40
Taxation	—	0.12
Net profit	3.95	0.57
EPS (Rs)	23.51	3.39
RONW (%)		23.36

Jindal Iron & Steel's gross margin has almost doubled, while net margin has gone up three times. At the current price of Rs 137.50, the company's P/E is 5.85.

TIRUPATI TEXNIT

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	26.70	18.69
Other income	0.03	0.02
Interest	0.04	0.12
Gross profit	1.99	0.53
Depreciation	0.12	0.10
Taxation	0.86	0.07
Net profit	1.01	0.36
EPS (Rs)	2.24	0.80
RONW (%)		6.23

Tirupati Texnit's gross margin has risen two-and-a-half times, while net margin has almost doubled. At the current price of Rs 34, the company's P/E is 15.18.

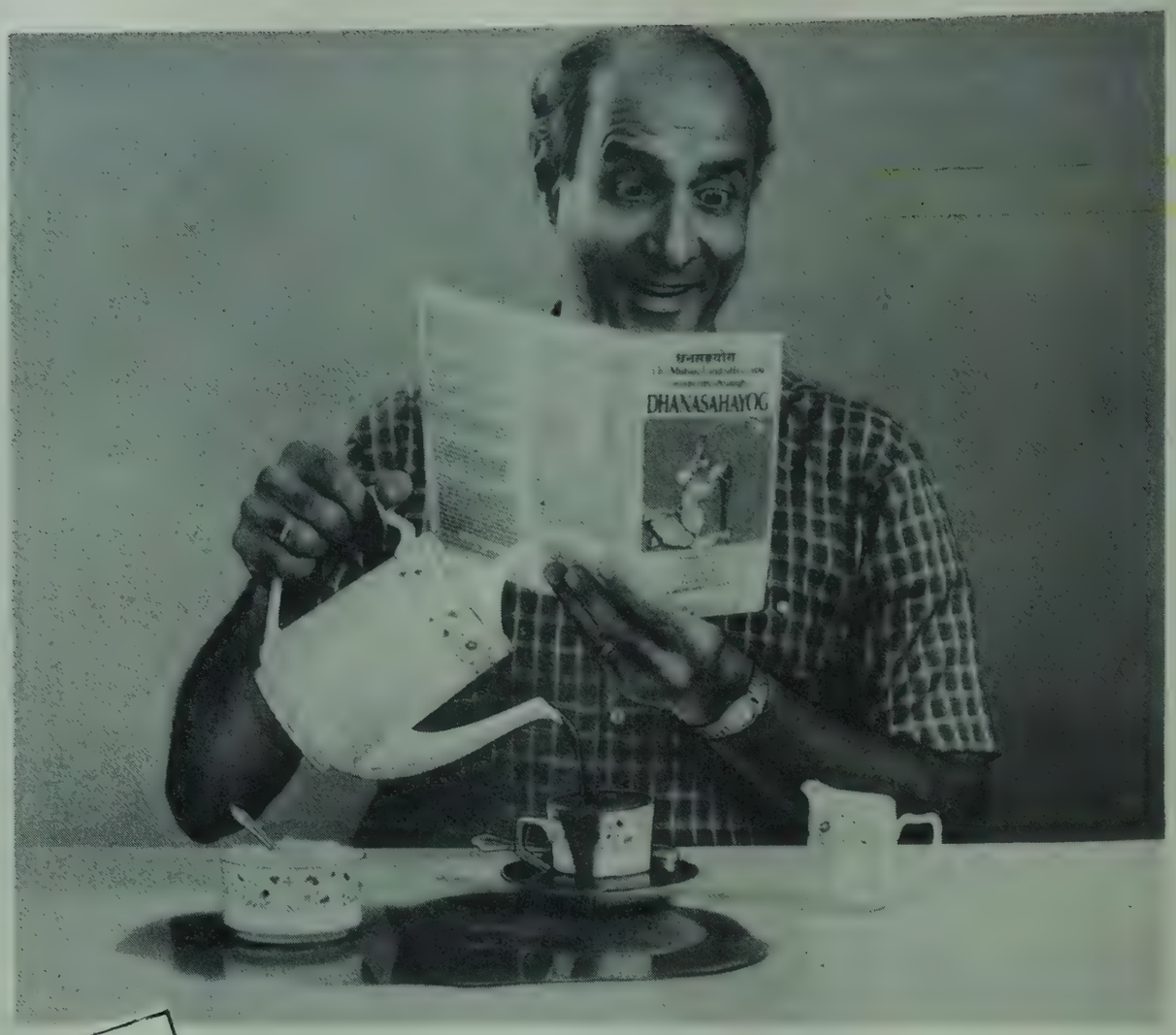
STANDARD ORGANICS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	34.60	32.42
Other income	3.04	1.74
Interest	3.05	2.10
Gross profit	2.14	2.24
Depreciation	0.90	1.10
Taxation	0.03	0.16
Net profit	1.21	0.98
EPS (Rs)	6.61	5.36
RONW (%)		18.53

While its gross margin has fallen, net margin has risen. At the current price of Rs 36.25, Standard Organics' P/E is 11.26.

*Note: * denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 7 August 1991.*



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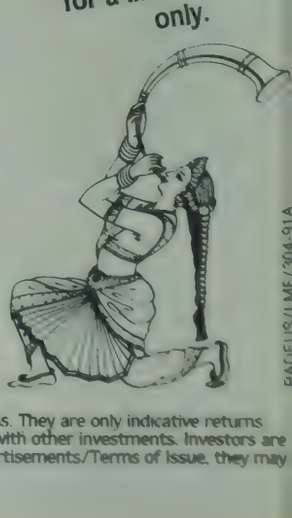
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BERGER PAINTS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	114.96	100.53
Interest	—	—
Gross profit	3.26	2.64
Depreciation	0.76	0.63
Taxation	0.78	0.25
Net profit	1.73	1.76
EPS (Rs)	4.12	4.20
RONW (%)		7.47

With depreciation and tax rising, Berger Paints' net margin has dipped slightly. Gross margin, however, has improved. At the current price of Rs 38.75, the company's P/E is 9.41.

THE BISHNAUTH TEA CO

(Rs crore)

	12 months ended 31 Mar 91	15 months ended 31 Mar 90
Sales & other income	55.95	50.20
Interest	—	—
Gross profit	12.93	4.06
Depreciation	1.33	1.25
Taxation	4.50	0.10
Net profit	7.10	2.71
EPS (Rs)	25.45	11.78*
RONW (%)		7.93*

Bishnauth Tea's gross margin has increased two-and-a-half times, while net margin has more than doubled. On an expanded equity capital of Rs 2.79 crore, the EPS stands at Rs 25.45. On the current market price of Rs 233, the company's P/E is 9.16. Hold.

EAST INDIA HOTELS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	100.54	101.70
Interest	16.87	16.03
Gross profit	12.27	18.00
Depreciation	6.74	6.36
Taxation	—	1.00
Net profit	5.53	10.64
EPS (Rs)	2.34	4.51
RONW (%)		10.28

East India Hotels' margins have dipped considerably. At the current price of Rs 50, the company's P/E is 21.37.

GEORGE WILLIAMSON

(Rs crore)

	12 months ended 31 Mar 91	18 months ended 31 Mar 90
Sales & other income	98.00	112.11
Interest	—	—
Gross profit	23.36	17.88
Depreciation	2.52	3.05
Taxation	10.00	7.50
Net profit	10.84	7.33
EPS (Rs)	11.47	5.17*
RONW (%)		7.88*

George Williamson's P/E is 21.01 at the current price of Rs 220 and on an EPS of Rs 10.47. Margins have shown good improvement.

GUJARAT AMBUJA CEMENTS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	153.24	117.19
Other income	8.18	1.87
Interest	11.79	10.77
Gross profit	49.05	23.29
Depreciation	10.05	8.78
Taxation	—	—
Net profit	39.00	14.51
EPS (Rs)	19.50	7.26
RONW (%)		41.34

Both margins have gone up smartly. Gujarat Ambuja's P/E is 11.67 at the current price of Rs 227.50.

KHATAU JUNKER

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	28.61	17.63
Interest	—	—
Gross profit	2.06	1.37
Depreciation	0.61	0.38
Taxation	0.10	0.21
Net profit	1.35	0.78
EPS (Rs)	14.06	8.13
RONW (%)		23.00

Both margins have more or less stayed put. Khatau Junker's P/E is a low 4.18 at the current price of Rs 58.75. Hold.

MACNEILL & MAGOR

(Rs crore)

	12 months ended 31 Mar 91	15 months ended 31 Mar 90
Sales & other income	75.04	93.22
Interest	—	—
Gross profit	10.58	7.65
Depreciation	1.26	1.23
Taxation	4.15	3.15
Net profit	5.17	3.27
EPS (Rs)	18.87	9.56*
RONW (%)		18.40*

Macneill & Magor's net margin has almost doubled, while gross margin has moved up considerably. At the current market price of Rs 170, the company's P/E is 9.01. Buy at declines.

NIRLON

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	222.91	166.48
Interest	21.01	32.58
Gross profit/(loss)	(0.72)	(8.12)
Depreciation	12.11	12.45
Taxation	—	—
Net profit/(loss)	(12.83)	(20.57)
EPS (Rs)	(8.12)	(13.02)
RONW (%)	—	—

Nirlon's margins, though still negative, have improved. At the current price of Rs 33, the company's P/E is a negative 4.06.

POLYCHEM

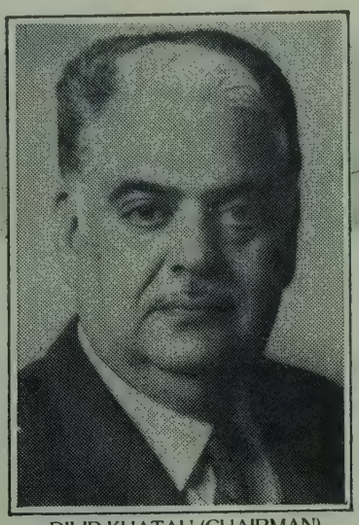
(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	131.06	111.91
Interest	8.70	3.50
Gross profit	10.80	10.74
Depreciation	6.53	2.88
Taxation	—	1.30
Net profit	4.27	6.56
EPS (Rs)	4.27	10.93
RONW (%)		29.91

Polychem's margins have fallen. At the current price of Rs 67.50, the company has a high P/E. On an expanded equity of Rs 10 crore, the company's EPS is Rs 4.27.

*Note: * denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 7 August 1991.*

Chairman's Speech At T



DILIP KHATAU (CHAIRMAN)

Ladies and Gentlemen

It gives me great pleasure to welcome you all to the Twentieth Annual General Meeting of the company.

The company was able to record a further improvement in net profit which has gone up to Rs. 6.35 crores against Rs. 4.55 crores in the preceding year. The company's EPS has also gone up from Rs. 5.13 to Rs. 7.16 and this happens to be once again one of the best in the Indian shipping indsutry. Because of improved results, your Directors have recommended a higher dividend at 27% keeping in mind our commitment to reward the shareholders adequately and enabling them to share in the prosperity of the company. Excellence in performance was the watchword we had kept before us and I am happy that the company was able to achieve its targets as confirmed by the financial results.

"The company's EPS has gone up from Rs. 5.13 to Rs. 7.16 ..... one of the best in the Indian shipping industry.... and a higher dividend at 27%"

The previous financial year had its share of anxieties, mainly due to uncertainties created by the Gulf war and escalating costs. However, the company was able to overcome these anxieties and achieve better results, by seizing of profitable opportunities and tight monitoring of its costs.

International freight rates relevant to company's present fleet of ships are ruling firm and the company expects to maintain its profitability in the current year.

Our country has passed through a series of traumatic experiences, both political and economic, during the last few months. On the political front, increasing lawlessness, violence and terrorism have tarnished the country's image and created a sense of insecurity amongst the people. The assassination of Shri Rajiv Gandhi was one of the most dastardly acts in the political history of India. He was committed to the country's progress through absorption of modern technology and was a symbol of great hope for the country. In him the country has lost one of the most promising leaders. After the recent elections, a new Government has been installed, one which has started on a confident note determined to tackle the political and economic woes of the country which have overshadowed the country's image in the recent past. I am happy that the new Government has already taken several bold steps and initiatives on the economic front by readjusting the value of the Indian Rupee and liberalising trade and industry from several controls and restrictions. All these measures will certainly help the country to regain its economic stature in the world community of nations. I sincerely hope that the new Government will continue its efforts in the direction of liberalising the economy from the stranglehold of severe controls which had so far thwarted and throttled its growth.

Downward adjustment of the value of Indian Rupee will give an added boost to the company's operations because most of its freight earnings are determined or linked to in terms of foreign currency. Government of India has already drawn up a tentative programme of massive investment to strengthen Indian shipping and increase the tonnage under Indian flag. This will give a further boost to the country's foreign exchange earnings and saving potential and at the same time act as a strategic support for the growth of Indian trade. Total investment in shipping sector during the 8th five year plan is visualised at around Rs. 15,000 crores. This amount is likely to go up substantially because of depreciation in the value of Indian rupee.

Your company is planning to play an important role in the development of Indian shipping and has, therefore, embarked on an expansion

wentieth Annual General Meeting Of The Company On July 25, 1991

programme which was announced at the previous meeting of the shareholders. I am happy that as a first step in that direction, the company has succeeded, in mobilising additional financial resources to the tune of Rs. 52.12 crores. This has been achieved through a public and rights issue of fully convertible debentures. The company's issue was heavily oversubscribed. Allotment of fully convertible debentures has been completed and I take this opportunity to welcome all the new debentureholders to our family of happy investors.

The most notable achievement of the company was its success in getting International Finance Corporation, Washington (IFCW), an affiliate of the World Bank, to participate in the company's equity. They had applied for and been allotted 1,75,000 fully convertible debentures valued at Rs. 3.5 crores. On conversion of these debentures into equity, they will be holding around five percent of the company's enhanced equity. IFCW have also agreed to extend foreign currency loan upto US $ 15 million for the company's expansion programme. IFCW's equity participation and loan assistance is a significant recognition of their confidence in the company's management and growth prospects.

"Downward adjustment of the value of Indian Rupee will give an added boost to the company's operations..... because most of its freight earnings are determined or linked to, in terms of foreign currency."

Due to acute scarcity of foreign exchange, the Government has withdrawn the facility of Rupee remittance to the extent of 40 percent of the purchase price of new acquisitions of ships. The shipping industry in India has requested for a review of the Government's decision and reinstate the earlier facility to enable shipping companies to increase their pace of expansion of Indian tonnage. Now that the Government is likely to get some relief by way of loans from IMF and other international institutions, we hope the Government will revise its earlier decision so that Indian shipping companies are able to finance atleast a part of their purchase price by way of equity remittance from India.

"The most notable achievement of the company was its success in getting International Finance Corporation, Washington, an affiliate of World Bank, to participate in the company's equity."

Before I conclude, I convey my sincere thanks to all the Government agencies, banks and financial institutions for their continued valuable support and guidance given during this period. I also wish to convey my thanks to all our officers and staff for their constant endeavour to improve the company's performance and bringing the company to this present position. I also take this opportunity of thanking the shareholders of the company for their continued confidence in the management of the company

Thank you,

DILIP KHATAU

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CLEA/538/VSC/91

MADRAS CEMENTS

RIDING THE BOOM

The cement industry's boom is reflected in Madras Cements Ltd's (MCL's) bottomline in the year to 31 March 1991. In fact, the period was one of MCL's best as far as profit-making is concerned.

With a comparitively midgetlike 37% growth in gross turnover, MCL has managed to report mindboggling profit figures. Gross profit (GP) polevaulted 160% and net profit (NP) skyrocketed 2,500%. Earning per share (EPS) accelerated 27 times to Rs 612.14 (Rs 23.50) and book value per share (BVPS) doubled to Rs 1,107.11 (Rs 538.66). Return on net worth (RONW) kept pace with the rest of the financial ratios by zooming 55.29% (4.36%). Despite all this, the company was conservative in dishing out dividend — MCL shareholders were rewarded with just Rs 30 per share. (The company had skipped dividend in the year ended 31 March 1990.) The payout — at a minuscule 4.90% — displays MCL's conservativeness. The scrip is hovering around Rs 5,500 (Bombay stock exchange — BSE — 8 August 1991) with the price/earning ratio (P/E) at 8.98, pushing it beyond the reach of most investors.

MADRAS CEMENTS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	139.91	102.11
Gross profit	29.12	11.23
Profit after tax	18.51	0.71
Equity capital	3.02	3.02
Reserves	30.45	13.26
Gross profit margin (%)	20.81	11.00
Return on net worth (%)	55.29	4.36
Dividend (%)	30.00	—
Earning per share (Rs)	612.14	23.50
Book value per share (Rs)	1,107.11	538.66

Source: Annual reports

The good working results are attributable to MCL's determination to rein in all costs (the only exception being selling expenses) and squeeze out higher capacity utilisation and good sales realisation. In an industry where capacity utilisation is the key, the company's R.R. Nagar plant (in Tamil Nadu) operated at 119.40% (114.33%) of installed capacity. Capacity utilisation at MCL's other plant at Jayanthipuram (in Andhra Pradesh) was a shade lower at 83% (74%) and chairman P.R.R. Rajha blames the railways, which didn't provide enough wagons for moving cement to consumption centres, for this. Nonetheless, the average sales realisation per tonne ascended to Rs 1,272.26 (Rs 998.90) thanks to a rise in cement prices from April 1990 onwards.

During the year, MCL brought down its debt-equity ratio to 2.42:1 (5.24:1) by repaying long-term loans totalling Rs 6.19 crore. However, the interest bill it had to foot was too high; it gobbled away some 9.86% (14.09%) of gross sales this year. On the positive side, the company hoicked its reserves by Rs 17.19 crore and it relied mainly on internal sources (up to 97.27%) to fund its activities.

Expansion plan. With the industry now on a solid footing and prospects looking bright, MCL is embarking on an expansion plan. The company's R.R. Nagar plant is to hike capacity by 1 lakh tonnes by the end of the second quarter of 1992. The management is confident that increasing demand from the southern states — particularly Kerala where there are no cement plants — and exports to Sri Lanka and the Maldives will absorb the extra production. And there is some justification in its sanguinity: the rupee devaluation has made Indian cement prices competitive enough to find buyers in neighbouring countries. (MCL exported 17,000 tonnes of cement in 1990-91.)

According to Rajha, the pretty performance continued during the first two months (April and May) of the current year. Both production and despatches of cement were higher when compared with the corresponding period of the previous year. The showing would have been better, he claims, if the railways had stepped up the supply of wagons to MCL's Jayanthipuram unit. About the expansion at the R.R. Nagar plant, he says the tab is likely to be Rs 23.5 crore. Most of that is to be met from internal accruals and assistance from financial institutions. And when the expanded capacity goes on stream, MCL should have a firmly cemented future.

UNION CARBIDE INDIA

MIXED SHOWING

Business as usual? No, that has not been the case with Union Carbide India Ltd (UCIL) — at least on the turnover front — in the year ended 31 March 1991.

Though net sales at Rs 182.49 crore (Rs 178.84 crore) inched up 2%, gross turnover was more or less stagnant at the previous year's level. But the profit picture looked good with GP whirring upwards 74% and NP spurting 200%. EPS is Rs 4.05 against a negative Rs 4.06 for 1989-90 and BVPS stood at Rs 21.71 (Rs 19.17). UCIL's RONW for 1990-91 was 18.64%. Also, a higher dividend of Rs 1.50 (Rs 1.20) per share

UNION CARBIDE

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	232.39	234.19
Gross profit	16.18	9.31
Profit after tax	13.19	(13.22)
Equity capital	32.58	32.58
Reserves	38.16	29.87
Gross profit margin (%)	6.96	3.98
Return on net worth (%)	18.64	—
Dividend (%)	15.00	12.00
Earning per share (Rs)	4.05	(4.06)
Book value per share (Rs)	21.71	19.17

Source: Annual reports

was doled out to shareholders resulting in a payout of 37.04%. UCIL's P/E is 12.84 on the current market price of Rs 52 (Calcutta stock exchange: 8 August 1991).

UCIL's battery sales seemed to have lost some charge; the figure (inclusive of excise) was 3.53% lower at Rs 179.01 crore (Rs 185.56 crore). The reasons, according to chairman & managing director V.P. Gokhale, are manifold. Among them: the inability to operate the Srinagar plant since April 1990, the political turmoil in the country and difficulties in increasing capacity utiiisation at one of the Calcutta-based plants. While sales of flashlights, industrial electrodes and electrolytic manganese-dioxide rose, those of arc carbon and photo-engraver plates dropped over the previous year's figures.

Raw material costs and other miscellaneous expenses rose during 1990-91. And though the depreciation provision fell 4.91%, the company currently has heavily-depreciated fixed assets in its fold — 62.33% (58.61%) of its assets are already written down.

A red mark. UCIL's auditors have drawn attention (in the accounts) to the company's stand on the Bhopal compensation litigation. The management, on its part, believes it has already made enough of a provision for this in the profit and loss account for the year ended 31 March 1990. It, therefore, feels that it needn't have made any further provisions for compensation in the 1990-91 accounts. (UCIL had made a Rs 66.50 crore payment as part of the Bhopal gas tragedy settlement after selling off its chemicals and plastics unit in Bombay and taking some loans. Hence the inflated interest costs in 1989-90, which led to a bleeding bottomline.)

On the positive side, UCIL decreased its interest burden during 1990-91 by 89% by shedding some loans (Rs 7.85 crore) and relying heavily (75.76%) on long-term internal sources to finance its activities. This move helped the company boost its profitability despite a fall in turnover. What must have also helped was the fact that UCIL became more fleet-footed in collecting dues from its debtors.

With the battery market stagnating, the company has hit the diversification trail. Inroads are being made into software export (through a fully-owned subsidiary) and production and marketing of building components (through another subsidiary in which UCIL's stake will be 40%).

SEARLE

SEARLE INDIA

TRUDGING ALONG

While most of its industry cousins have reported bruised bottomlines, Searle India has managed to come through one of the most difficult phases for the pharmaceutical industry unscathed. But only barely.

For the year ended 31 March 1991, gross turnover improved 15%. GP showed a 1% growth. Luckily, the percentage growth in NP was better at 3.50%. EPS thus registered a 27 paise increase — to Rs 7.89 (Rs 7.62). BVPS too was slighlty better at Rs 49.85 (Rs 44.16). However, RONW dipped to 15.83% (17.27%). But shareholders were not left holding the can. Searle's directors recommended a higher dividend of Rs 2.20 (Rs 2.00) per share leading to a marginally higher payout at 27.88% (26.25%). At the current market price of Rs 157.50 (BSE: 8 August 1991), Searle's P/E is 19.96.

SEARLE (INDIA)

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	64.21	56.09
Gross profit	6.49	6.43
Profit after tax	4.12	3.98
Equity capital	5.22	5.22
Reserves	20.79	17.82
Gross profit margin (%)	9.73	11.05
Return on net worth (%)	15.83	17.27
Dividend (%)	22.00	20.00
Earning per share (Rs)	7.89	7.62
Book value per share (Rs)	49.85	44.16

Source: Annual reports

Pharmaceutical preparations are the company's premier purse-fillers; they contributed 49.15% (47.36%) to sales. Pesticides come in next, chipping in 40.21% (49.97%). (Chairman H.V. Goenka blames reduced sales realisation from pesticides and an increase in production costs for the fall in their share of turnover.)

Depressed margins. Spiralling material costs seem to have spooked the company's profit-making ability. Hence, growth in margins at both levels — gross and net — was depressed. Utilisation of fixed assets (as a ratio of net block to gross sales) was also nothing to write home about — it fell to 7.78 (8.10). Besides this, the addition to gross block during the year was a meagre Rs 2.26 crore. Searle may thus have to divert more money in future to beef up its heavily-depreciated gross block — about 51.86% (53.43%) is already depreciated — for achieving good growth rates. Another failing that became evident in 1990-91 was its laggardness in recovering dues from debtors.

Except for pesticide formulations, Searle has not much to trumpet about as far as capacity utilisation is concerned. (For all of the other products, capacity utilisation has not crossed even 20%; in the case of pesticide formulations, it stood at 122%.)

The Thane pharmaceuticals plant, which was recently spruced up through a Rs 2 crore modernisation programme, continues to gather dust with the unit being under a lockout throughout 1990-91. The company is awaiting the verdict of the court for settling the labour dispute.

Negative points aside, Searle has become more careful about raw material consumption. The company has also cut down on all other major costs. And export earnings — accounting for about 19.21% (10.92%) of gross sales — doubled to Rs 12.33 crore (Rs 6.12 crore).

As for the future, it seems that Searle may be in for happier tidings what with the government showing signs of smoking the peace pipe with pharma producers. Its pesticides operations (despite speculation that the monsoon is playing truant) too should look up.

□ G. Giridhar

PICK OF THE JOBS

ASSOCIATE CREATIVE DIRECTOR — ART



Organisation: A young advertising and communications agency.
Requirements: A graduate; around 28-35 years; minimum three to four years' experience in heading a creative team; should have been responsible for major national campaigns, mainly consumer brands, and must be adept at films/audiovisuals.
Other details: Will be based at Bangalore; will report to the creative director and be responsible for accountability for films, audiovisuals, photography, illustrations and art, excellence in art direction; will have to contribute to training and development, travel to all branch offices to oversee creative art campaigns and guide the creative teams.
Remuneration: In the region of Rs 2 lakh per annum; negotiable.
Enquiries to: Boyden International, 616, Maker Chambers V, Nariman Point, Bombay 400 021. Tel: 233905, 240377, 2047428.

VICE-PRESIDENTS (2) — WESTERN



Organisation: A young advertising and communications agency.
Requirements: A graduate; around 35-40 years; 10-15 years' experience in advertising/marketing, with at least five years at a managerial level; should have worked in medium/large agencies or reputed consumer product companies with substantial interaction with ad agencies.
Other details: Will be based in the western region; will report to the managing director; will be totally responsible for business development, client meetings, account planning, client presentation, servicing, branch management, budgeting, budgetary control and cash management.
Remuneration: The best.
Enquiries to: Boyden International.



REGIONAL SALES MANAGER



Organisation: A well-known multinational.
Requirements: A graduate with a postgraduate qualification in marketing; around 30-35 years; six to 10 years' experience in selling consumer products, preferably building products; must have excellent communication skills.
Other details: Will be based at Bombay; will be in charge of the consumer product division and appointing dealers as well as strengthening the distributor network; will also be responsible for establishing and motivating the sales teams and ensuring the meeting of sales targets.
Remuneration: Around Rs 1.5 lakh per annum.
Enquiries to: Boyden International.

DIVISIONAL MANAGER — AC & R



Organisation: A large multidivisional engineering company with an excellent work environment.
Requirements: A BE (mechanical/electrical), around 40-45 years; minimum 15 years' experience, of which five to seven years should have been in air-conditioning and refrigeration (AC & R); will be entirely responsible for the sales, planning, erection and service functions; must be excellent at man-management.
Other details: Will be based at New Delhi (a profit centre position for AC & R projects).
Remuneration: Around Rs 2.25 lakh per annum.
Enquiries to: Boyden International.

CHIEF EXECUTIVE



Organisation: A Rs 300 crore group of professionally-managed companies manufacturing engineering and consumer durable products.
Requirements: A BE (mechanical/electrical) or an environmental engineer; around 40-50 years; 10-15 years' experience in water pollution and sewage treatment, out of which seven to 10 years should have been at a senior level; should be sound in finance, marketing and technical skills.
Other details: Will be based at Bombay; will be responsible for the environmental engineering department as a profit centre.
Remuneration: For the asking; house, car.
Enquiries to: Career Placement Services, PB No 8148, Bombay 400 031.

VICE-PRESIDENT — OPERATIONS

Organisation: A reputed professionally-managed shipping company.
Requirements: A marine engineer; around 40-50 years; experience preferably in the merchant navy.
Other details: Will be based at Bombay.
Remuneration: No constraints; car, house.
Enquiries to: Career Placement Services.

VICE-PRESIDENT — FINANCE

Organisation: A reputed group manufacturing air-conditioners, switchgears and the like.
Requirements: A CA; 10-12 years' experience in finance, taxation, accounts, MIS (management information systems), budgeting, out of which seven to 10 years should have been in a senior position.
Other details: Will be based at Calcutta.
Remuneration: Excellent; car, house.
Enquiries to: Career Placement Services.

MARKETING MANAGER

Company: The animal husbandry division of a large well-diversified group.
Requirements: A veterinary/science graduate; eight to 10 years' relevant experience; prepared to set and achieve goals in a highly-professional atmosphere.
Other details: Will be based at Bombay.
Remuneration: No constraints.
Enquiries to: Jonzehn Services, PB No 9891, Bombay 400 050. Tel: 6420387.

VICE-PRESIDENT — MARKETING

Organisation: A Rs 15 crore company in Madras in the services sector poised for growth.
Requirements: Preferably an MBA; below 45 years; a proven record of performance in the service or consumer industry.
Other details: Will be based at the head office in Madras; will head the total marketing operations.
Remuneration: Rs 2.5-3 lakh per annum.
Enquiries to: Marketing Advisory Services, 205 Eric House, 18th Road, Bombay 400 071. Tel: 5518027.

GENERAL MANAGER — MARKETING

Organisation: A Rs 25 crore pharmaceutical company.
Requirements: Below 45 years; a proven record of achievement in a medium-sized company with exposure to sales and product management.
Other details: Will be based at Bombay, and will direct



marketing planning and sales operations.
Remuneration: Around Rs 1.5 lakh per annum.
Enquiries to: Marketing Advisory Services.

CHIEF EXECUTIVE

Organisation: A non-resident Indian-run company dealing in chemical derivatives.
Requirements: A PhD in chemistry or an M Tech in chemical engineering; in his fifties; all-round experience as the position involves being in charge of the entire gamut of operations including production, finance, marketing and personnel.
Other details: Will be based at Bombay.
Remuneration: Rs 3 lakh plus per annum.
Enquiries to: Beam Services, 1, Colaba Chambers, Wodehouse Road, Colaba, Bombay 400 005. Tel: 4950122/21/1123/24.

GM — MANAGEMENT ACCOUNTS

Organisation: A leading multinational pharmaceutical company.
Requirements: A qualified cost accountant; around 35 years; experience in budgetary control and pricing in the pharmaceutical industry.
Other details: Will be based at Bombay.
Remuneration: Very attractive; house, car.
Enquiries to: Beam Services.

EXPORT MANAGER—PHARMACEUTICALS

Organisation: A pharmaceutical company of international repute.
Requirements: A marketing man with export experience; should have travelled widely and developed new areas of specialisation.
Other details: Will be based at Bombay.
Remuneration: Negotiable.
Enquiries to: Beam Services.

□ Indra Gidwani

TACKLING HEAD-HUNTERS

WALTER E. VIEIRA



What do you do when the head-hunter calls?

The shortage of trained and good experienced personnel has forced many companies on the lookout for the ideal candidate to hire the services of a professional placement agency. For an executive, this means that as soon as he hits the middle rungs of the corporate ladder his name will enter the lists of various head-hunters, thus singling him out as hot property.

The more successful the executive, the greater the interest head-hunters will have in him. And, ironically, the happier the executive in his present job, the keener will the head-hunter be to allure him with other offers. Thus, any executive worth his salt must know how to handle such a situation should it ever arise.

What does he do? Does he immediately reject the proposition, curtly telling the head-hunter that he simply isn't interested and that it was presumptuous of him to call? Or should the executive show interest immediately and promise to send his updated curriculum vitae by courier the next morning?

Both responses are bad. It need not be one or the other. It is prudent to give the head-hunter a patient hearing and then make some enquiries about the man. Like: what kind of a head-hunter is he? How long has he been in business? What is his background? What kind of clients does he have?

There are several kinds of head-hunters; mainly because this tribe does not require any formal qualifications. All you need is a piece of wood, a tin of paint and a paint brush and lo, you are in business! There are those who are travel agents and have diversified into head-hunting; or those who have quit at the pinnacle of a junior executive job and now presume that they can interview top management! However, you can identify a good head-hunter with a few searching questions. And the answers can be confirmed further by checking out with friends and colleagues.

The next step is getting some details about the job from the head-hunter. He may not reveal the company's name on whose behalf he is prospecting; many times he cannot. He can, however, give a profile. This should be the case as far as you are concerned too — he should give the company your profile without disclosing your name. Only when a match occurs should the head-hunter reveal the client's name to you; and yours to the client. But the first option to say "no" should be yours.

Should you then meet the head-hunter? And where? If your initial reaction to the guarded offer is good or even just encouraging, then you should send a curriculum vitae specially tailored for the assignment that he talked about. It should highlight those facets which have a direct bearing on the assignment. After this, the head-hunter should suggest a meeting.

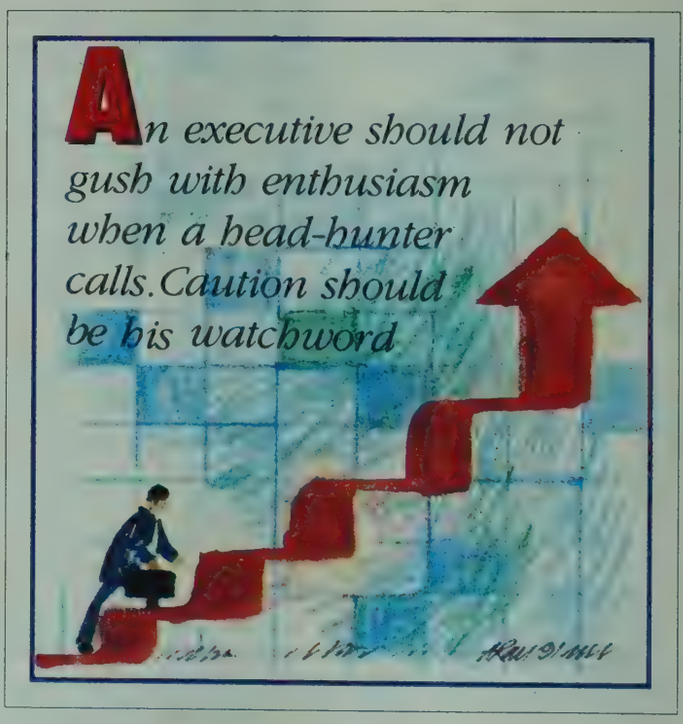
Some head-hunters will meet you in a high-traffic hotel restaurant; this can be inappropriate for one never knows who and how many will see you. Some head-hunters will call you to their office where you may share the tiny reception room with the many others called; and depending on the agency this could range from typists to finance managers. Again, this can be slightly awkward. Therefore, it is important to ensure that the meeting place is a quiet and private one — one where confidences can be exchanged without having to shout above the roar of traffic.

Based on such a meeting, the head-hunter may then decide to disclose the name of the client. If the organisation interests you, then you may also let him disclose your candidature for the job. Or in the event of your deciding otherwise, the matter can be closed.

While closing the door on the head-hunter it is prudent to be firm but courteous. It is not necessary to be derogatory about the company or its personnel. It is not necessary to be curt and standoffish or superior about the offer. Even though some head-hunter may act in a provoking manner, keep cool. You never know when your paths may cross again.

And when you have gone your different ways, try to maintain a distant yet cordial relationship so that should anything more suitable come up in future you will have a 'top-of-the-mind' slot.

A word of warning though. If you are 'top-of-the-mind' with too many head-hunters and your biodata keeps going to a company from different head-hunters — perhaps three or four of them — then a wise organisation will know that the candidate is very obviously 'in the market.' A company wants to feel that they have head-hunted a person who is effective, happy in his present job and not actively looking for change. They don't want to buy a product which is displayed on every shelf. And if they do (as a client did to us sometime back) they will hire him from the head-hunting firm which charges the lowest fee and also bargain with the prospective candidate to hire him at the lowest possible remuneration.



• *The author is a Bombay-based management consultant.*

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We require following professionals to manage the complex and large stores facilities:

WAREHOUSING & DISTRIBUTION MANAGER

QUALIFICATION: Post graduation in Materials/Business Management from a recognised institution.

EXPERIENCE: Minimum 10 years in a prestigeous organisation in a similar capacity, out of which atleast 5 years as an overall incharge exclusively for a large stores operation involving modern storage and extensive distribution. He will be assisted by a team of efficient and experienced professional Assistant Managers, Senior Executives and other support staff. It shall be his responsibility to oversee the various operational aspects like (1) receipt of materials from Overseas Principals, (2) binning, (3) despatch of materials to dealer net-works and branches, (4) management of fleet of trailors and trucks, (5) implementation of Warehouse improvement plans in co-ordination with Overseas Principals, (6) studying the mechanisation of materials handling department and suggesting improvement for increased productivity (7) accountability of materials in the Warehouse, (8) achieving customer satisfaction by ensuring prompt delivery of materials over the counter/dealers, branches etc. and (9) efficient space management by utilizing the available space scientifically and through time and motion study.

AGE: 35 to 40 years.

ASSISTANT MANAGERS

QUALIFICATION: Post graduation in Materials/Business Management from a recognised institution

EXPERIENCE: Minimum 7 years in a prestigeous organisation in a similar capacity, out of which atleast 3 years in a senior position handling overall responsibilities of a large stores operation involving storage and extensive distribution. They will assist the Warehousing & Distribution Manager in all his functional areas.

AGE: 30 to 35 years.

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Those not meeting the desired educational qualification will also be considered, provided they have long and relevant experience in Stores Management.

Persons working in small or medium sized stores need not respond.

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Sultanate of Oman

Interviews will be held in Bombay, Pune, Delhi, Calcutta, Madras, Hyderabad and Bangalore. Please indicate your preference in the application

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As the Head of the Marketing Function, he will be responsible for marketing existing product lines, introducing new products and co-ordinating with Sales.

It is a key position, and over a period of time, the successful Marketing Controller, can rise to head the Marketing and Sales Functions.

SALES MANAGER [LBS/342]

The incumbent should be a graduate, preferably with post graduate qualifications in Marketing. He should be between 35 and 40 years of age, and have relevant experience of field management in consumer product companies. He should preferably have operated at the All-India level, or, at least, have had exposure to two or more zonal markets.

As the Head of the Sales Department, he will be responsible for planning and implementing strategies for meeting sales objectives. He will be in charge of over 100 representatives, including their selection, development and compensation.

The above positions carry attractive remuneration and perquisites packages.

Interested candidates should send a detailed resume, a recent passport size photograph, and indicate their present/expected emoluments. The envelopes should be superscribed with the above Ref. Nos. and addressed to:

PERSONNEL SEARCH SERVICES
71-A Mittal Chambers, Nariman Point, Bombay-400 021.
Tel: 2874164, 2027859.

Clamar

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(Around Rs. 1 lakh + perks as per Company Rules.)

Candidate should be a Mechanical Engineer, preferably MBA in Marketing with minimum 10 years experience in selling of Automobile Engineering Components. Incumbents must have administrative ability to look after sales force and marketing network, besides leadership qualities and a proven track record. Knowledge of computers is desirable.

Age: 34-40 years

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(Around Rs. 75,000/- + perks as per Company Rules.)

Qualifications would be as above with minimum experience of 5-6 years.

Age: 32-35 years

Apply with a recent photograph within 10 days to:

The Manager — Personnel
Gajra Bevel Gears Ltd,
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Our clients from South India, who are the publishers of leading language newspapers and other popular multi-language periodicals require

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Candidates shall be graduates/postgraduates with excellent communication skills. A Degree or Diploma in Business Management with specialisation in Marketing will be an added advantage.
They must have proven track record in marketing field, preferably in space selling in a competitive environment. They should have about 7 to 10 years' experience, out of which at least 3 years should be in a Senior capacity.
Persons with experience in Bombay/Madras will be preferred.
Fluency in English and Hindi/Tamil (depending on the place of posting) is essential.
Applications giving details of academic and professional qualifications, experience, salary drawn and expected may be sent within 15 days along with a copy of recent passport size photograph to:

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Ceebros Arcade, 3rd Floor,
Sardar Patel Road, Madras-20.

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CEAT Nylon Tyre Cord Division, Gwalior

CEAT, an **RPG ENTERPRISE,** and a leader in the tyre industry with an annual turnover of over Rs. 600 crores, has been growing rapidly and is investing substantially in new products, technologies and plants and is expected to reach a turnover of Rs. 1000/- crores in two to three years time. CEAT is setting up a NYLON TYRE CORD plant at a total investment of Rs. 240 crores, at GWALIOR in collaboration with **TORAY INDUSTRIES Inc.,JAPAN** who are a world renowned man-made fibre manufacturer and the largest in Japan. The plant will manufacture Nylon Tyre Cord/Fabrics using the world's best technology consisting of improvised continuous polymerisation coupled with direct spin draw and direct cabling process. Gwalior is well developed and has good medical, educational and recreational facilities.

To meet this challenge CEAT needs an outstanding professional, for its Nylon Tyre Cord Plant, as

GENERAL MANAGER – MANUFACTURING

who will report to the Chief Executive of this division. He will be responsible for erection and commissioning of the plant,achieving designed production – both quantity and quality, optimising the plant production by improving efficiency and energy consumption. After the plant is on stream he will be responsible for production, maintenance, quality control, customer technical service and industrial relations.

The ideal candidate, would be a strong leader with proven experience in a man-made fibre unit, preferably Nylon Tyre Cord Plant, capable of guiding a competent team of functional heads.

The candidate should have Chemical/Textile Technology background with about 20 years experience of which 5 years should be in a senior capacity. Experience in managing at least 3 of the 5 mentioned disciplines would be a distinct advantage.

Remuneration will be commensurate with qualifications and experience.

Interested candidates may apply within ten days in strict confidence, superscribing the envelope with the post applied for to:

Vice-President Group Personnel
CEAT LIMITED
463, Dr. Annie Besant Road,
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The incumbent will assume overall responsibility for all aspects of human resource management including manpower planning, selection & recruitment, training, performance appraisal, organisational development (OD), personnel management, negotiation with unions for establishing sound industrial relations climate, conducive to high productivity and quality of output, He should have post-graduate qualification in business management/ personnel management and around 15/20 years relevant experience, out of which, atleast 5 years should be at a senior level with a proven track record of evolving and implementing innovative human resource management systems in a reputed organisation. Age : around 45.

GENERAL MANAGER - MARKETING

The incumbent will assume overall responsibility for planning and implementing sales & marketing strategy in order to achieve higher market share in a competitive & expanding market. He should be a high-calibre, innovative, hard task-master, having around 15 years relevant experience with proven track record, out of which, around 5 years should be at a senior level in sales & marketing in a reputed company. Exposure to dealer-network & direct-selling to industries/institutions & Government will be a distinct advantage. Age : around 40.

MANAGER - FINANCE & ACCOUNTS

The incumbent will be in charge of finance & accounts functions including financial planning, dealing with financial institutions/banks, working capital management, cost & budgetory control, MIS, financial accounting and tax planning. He should be a chartered accountant/ MBA (Finance), having around 10/15 years relevant experience, out of which, 5 years should be at a senior level with proven track record in a reputed organisation. Age : around 35.

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L&T/ADV Dept

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REQUIRES

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Salary and benefits will be commensurate with Qualifications and Experience.

Applications must be submitted with complete bio-data within 10 days to:
Mr. A.H. Kaji, President,
Asian Cables Ltd. (Cable Division)
Ceat Mahal, 463, Dr. Annie Besant Road, Worli, **Bombay 400 025**

RPG ENTERPRISES

ROGER/ACL/367/91

Shilpatsi

GE PLASTICS INDIA LTD (GEPI)

Our client, GE Plastics India Ltd. (GEPI), is a Joint Venture Company of GE Plastics B.V., the world leader in manufacturing and marketing of advanced engineering thermoplastics and Indian Petrochemicals Corporation Limited, (IPCL), a leader in petrochemicals in India. The partners have planned to set up a Rs. 700 crores project to produce locally a wide range of engineering thermoplastics including alloys, blends and compounds. Besides India, the marketing territory for this Joint Venture Company includes all neighbouring countries and Middle East.

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This is a new organisation with plans for rapid growth. To strengthen the existing team we are looking for dynamic professionals.

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BARODA

The Job: The GM Personnel will have total responsibility for the Human Resource Management function. This includes formulation of Personnel policies, manpower planning, employee and community relations, salary and wage administration, employee welfare and selection, training and development of personnel. He will play a key role as planner, motivator, negotiator, administrator and problem solver.

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Remuneration: The company offers one of the best remuneration packages in the country and will not be a constraint for the right candidate.

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The company offers an attractive remuneration package and the job carries most of the perks normally applicable to such senior positions.

Preferred age : Around 40 years.

Please apply in strict confidence to:

A.F. Ferguson Associates
5th Floor, Block-B, Apeejay House
15, Park Street, Calcutta 700 016

giving details of age, qualifications, experience and salaries drawn.

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(A Govt. of West Bengal Undertaking)

Requires

Company Secretary

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Initial starting salary, including allowances will be around Rs. 5,500/- per month. Excellent prospects for a really suitable candidate.

Please write within 10 days giving a detailed C. V together with a passport size photograph to

Managing Director
Webel Electro Ceramics Ltd.
LB - 2, Salt Lake City, Sector - III
Calcutta – 700 091

Orion/Wel-14/91

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growth through excellence

We are the flagship Company of a rapidly expanding Group engaged in the manufacture of seamless steel tubes, reputed in the industry for its technological expertise and marketing strengths. Our present turnover of Rs. 75 crores is slated to cross Rs. 200 crores within the next few years. We require

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The incumbent will lead a team of Sales Engineers and supervise all the marketing activities. Responsibilities include sales budgeting, target achievement, improving market share and new product introduction, besides supervising all sales/commercial functions.

We offer a professional and result oriented work environment with good prospects for growth and a remuneration package that is in line with the best industry practice.

Please apply in confidence, within 10 days giving full particulars of age, qualifications, experience, remuneration drawn and expected, and enclosing a recent passport-size photograph, to :

HUMAN RESOURCES DEVELOPMENT DEPARTMENT
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Preferred age: around 45.

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DELHI

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Salary and perks offered are among the best in the industry.

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TITAN

REQUIRES

SALES PROFESSIONALS

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Titan, as part of its strategy to upgrade retailing standards in India, is setting up a chain of over 100 exclusive franchised showrooms throughout India. 40 such showrooms are already operational. They have become landmarks for excellence in showroom design, display and overall ambience in their respective towns and are setting sales records.

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Please superscribe the envelope with the post applied for.

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   The **candidate** should be a Graduate in chemical Engineering/Post Graduate in Chemistry. M. Tech (Chemical Engineering)/Ph. D in Chemistry/Applied Chemistry will be preferred. Around 12 years of research and development experience in the area of petroleum related chemicals, lubricants, additives, leather chemicals is essential. Must be fully conversant with performance evaluation and analytical techniques relevant to speciality lubricants and chemicals.

2. **RESEARCH OFFICER (SPECIALITY POLYMERS) - MADRAS** Rs. 2500-120-4300-130-4820

   Emoluments : Min Rs. 3117.00 Max Rs. 5437.00 **Age** : Not exceeding 30 yrs.

   The **incumbent** would be required to conduct various research studies and process development work at Laboratory and Pilot Plant Scale, Planning and achieving results in time-bound research projects etc.

   The **candidate** should be a Graduate in Chemical Engineering. Post Graduate in Polymer Chemistry will be also eligible provided they have successfully completed the National Eligibility Test (NET) for pursuing research. Around 2 years relevant experience in research and development work in the area of adhesives, sealants, speciality polymers etc. is essential. Should be fully familiar with modern methods of instrumental analysis and polymers characterisation.

3. **RESEARCH OFFICER (OLEO-CHEMICALS) - TALOJA** Rs. 2500-120-4300-130-4820

   Emoluments : min Rs. 3117.00 Max Rs. 5437.00 **Age** : Not exceeding 30 yrs.

   The **incumbent** would be required to conduct various research studies and process development work at Laboratory and Pilot Plant Scale, Planning and achieving results in time-bound research projects etc.

   The **candidate** should be a Graduate in Chemical Engineering. Post Graduate in Oil Technology will also be eligible provided they have successfully completed the National Eligibility Test (NET) for pursuing research. Around 2 years experience in research and development work in the area of oleo-chemicals is essential. Research experience in bio-technology based processes will be preferred. Must also be familiar with performance evaluation and analytical techniques relevant to oleo-chemicals.

GENERAL (1) Benefits applicable include Company accommodation/HRA,medical assistance, conveyance reimbursement, productivity incentive, gratuity, PF, superannuation and post retiral medical assistance. (2) Candidates working in govt/Semi-Govt/PSUs should apply through proper channel. (3) Relaxation as per government directives is applicable for SC/ST. (4) Company reserves the right to accept or reject any or all applications, without assigning any reason whatsoever.

Please apply with full particulars within 15 days from the date of this advertisement superscribing the post applied for, to **Corporate Personnel Department of Balmer Lawrie & Co. Ltd., 21, Netaji Subhas Road, Calcutta 700 001**

(A member of the IBP-Balmer Lawrie Group of Companies)

ASP/91

CREATIVITY - SYNERGY - NEW HORIZONS



Raunaq Singh has been appointed chairman of the Indian section of the Indo-US Joint Business Council (JBC).



G.K. Mathur has taken over as chairman & managing director of Engineering Projects (India) Ltd (EPIL).



R.C. Nag has taken over as director (finance) of EPIL.



A. Mandal has taken over as director (projects) of EPIL.



Suranjan Ghosh has taken over as senior manager, with all-India responsibilities for corporate deposits, of Standard Chartered Bank.



P.K. Dutt has been appointed managing director of Coates of India.



N.M. Chordia has been promoted as executive director of the Export Credit Guarantee Corp of India.



Chinubhai R. Shah has been elected president of the All-India Management Association.



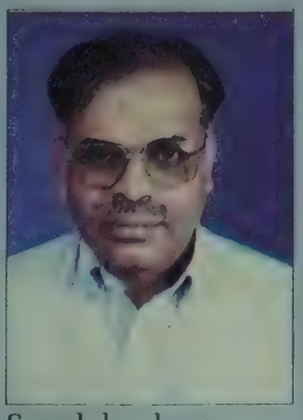
Kuldip Mansukhani has taken over as managing director of Osho Leasing.



Bhanu M. Vakil has joined the Essel group of industries as president (western region).



Richard W. Moras has been elected chairman of the Indian Institute of Materials Management (IIMM), Bombay branch.



V. Suresh has been appointed director (corporate planning) on the board of the Housing & Urban Development Corp (Hudco).

The American car industry is in a bad state.

CAR WARS

Whatever happened to the American car industry's self-confidence? Plunging sales and record losses are bad enough. Still worse is that the industry seems resigned to its loss of international competitiveness. When asked to rank the overall competitiveness of eight leading car-makers, managers in America's car industry put Toyota first, Honda second and Nissan third. Perhaps they are just being healthily realistic. But they also say these three Japanese firms will still occupy the top slots in 2000. That looks like defeatism. The managers surveyed reckon the Japanese companies will be followed, in descending order, by General Motors (GM), Ford, Mazda, Mercedes-Benz and Chrysler.

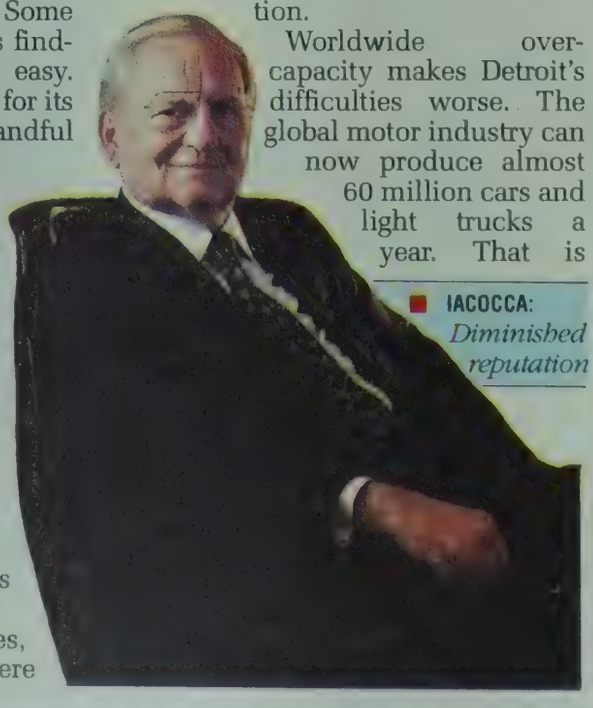
Detroit's big three car-makers have to increase competitiveness if they want to win back customers lost to Japanese rivals

This extraordinary humility from a once famously bumptious American industry is documented in "The Car Company of the Future," a survey published on 1 August by Ernst & Young, a big accounting firm, and the University of Michigan. Some Detroiters will try to rubbish its findings, but that will not be easy. Michigan is a university known for its pro-Detroit leanings. All but a handful of the 250 managers interviewed in the survey are employed by Detroit's big three car-makers or their suppliers.

Although the managers are resigned to a further loss of marketshare by the big three in this decade, they are not entirely glum about the American car industry's prospects. They think the gap between the Japanese manufacturers and Detroit will narrow between now and 2000. Nonetheless, the executives' general pessimism is a big change.

As recently as the mid-eighties, when car sales in America were breaking records, Detroit was boasting about driving Japanese rivals back into the sea. Donald Petersen, then chief executive of Ford, told anecdotes about satisfied customers to shareholders at his company's AGM. Chrysler chief executive Lee Iacocca was spoken of as a future occupant of the White House.

Sorry state. The dismal state of the American car market explains some of the subsequent loss of confidence. GM and Ford each made a net loss of $1.2 billion (Rs 3,000 crore) in the first half of this year. That told only part of the story. GM would have lost $403 million more had it not taken a leaf out of Pan Am's book and sold its building in New York. Having splashed out £1.6 billion (Rs 6,680 crore) buying Jaguar in 1989, Ford has found that the British luxury car-maker is once again losing lots of money. A net loss of $810 million at Chrysler has further deflated Iacocca's already-diminished reputation.



IACOCCA: *Diminished reputation*

Worldwide overcapacity makes Detroit's difficulties worse. The global motor industry can now produce almost 60 million cars and light trucks a year. That is eight-10 million more than it can readily sell — even in a boom. The big three car-makers have handicapped themselves by repeating the mistake of America's steel companies and making concessions on job security that they cannot afford. GM signed a trend-setting, three-year labour agreement last year that guarantees its employees almost full wages and benefits when they are laid off.

Even in an economic boom, however, some of Detroit's problems would persist. The survey finds a consensus among managers on some of the characteristics of a successful car company in the year 2000. It will be more responsive to customers — which means frequent model changes, shorter model life-cycles and smaller production runs. Its employees will be more flexible and better educated. It will enter into long-term partnerships with suppliers.

The hard part is getting from here to there. Though many executives believe that Japanese car-makers provide a model for the future, they also recognise that American companies have entrenched beliefs, operating styles and facilities. "The wholesale adoption of a Japanese model is, therefore, very difficult, if not impossible — and perhaps not even desirable," says the Michigan survey's authors.

No choice. However they do it, Detroit's big three manufacturers have no choice but to increase their competitiveness if they want to win back customers lost to Japanese rivals. By the mid-nineties Japan's "transplant" factories in the US will be capable of producing 3.5 million cars and light vans a year — nearly 25% of all current American sales. "Brand Loyalty and the Decline of American Automobile Firms," a study published in June by the Brookings Institution, a Washington-based think tank, identifies deteriorating brand loyalty to American cars as one big reason for the decline of the country's car industry.

In the eighties the big three muffed at least two chances to claw back marketshare and develop loyalty to their brands, when they, in effect, chose to boost short-term profits while their rivals were at a temporary disadvantage. When the Japanese government agreed under pressure from the American government to continue to impose "voluntary" quotas on the export of Japanese cars to the US — a folly which the European Community

hopes to imitate — American manufacturers took the opportunity to raise their prices. They did so again in 1985 when Japanese car-makers were handicapped by a dramatic rise in the yen against the dollar.

Detroit will find it hard to recover from these lost opportunities. Brookings found the preference for American cars was most marked among old people. Japanese cars are most popular on America's west coast, a region where the economy and the population are growing faster than anywhere else. Anybody who doubts that need only drive on Los Angeles' freeways. Detroit's models are almost an endangered species. — *The Economist.*

Privatisation has helped Alcatel Alsthom.

TEMPORARY SUCCESS?

Success is relative. Since it was privatised in 1987, Alcatel Alsthom, a French manufacturer of telecom equipment, power stations and trains, has turned in safe but boring results. Its net profits have more than doubled, to FFr 7.2 billion (Rs 3,096 crore) last year, on sales of FFr 144 billion. A 5% return on sales may look unimpressive. But compared with other big French engineering and electronics groups such as SGS Thomson and Groupe Bull, it is sparkling. How long can Alcatel Alsthom (which used to be called Compagnie Generale d'Electricite) keep it up?

Privatisation gave the firm a big advantage: freedom from government meddling. "When the majority of your shares belong to the government, then sooner or later you have to incorporate into your policy some targets of government policy," says Alcatel Alsthom chairman Pierre Suard. That is what happened to state-owned Bull. In the early eighties the government made Bull buy ailing divisions of other state-owned firms, many of which had nothing to do with its own computing activities. Alcatel Alsthom was freed of such constraints after privatisation. It sold its television and personal computer businesses in 1988.



AN ALCATEL PLANT: *In for a shock?*

Being privatised has also enabled Alcatel Alsthom to spin a web of joint ventures with foreign partners. "I've never experienced a situation where to be state-controlled is an advantage in building an international agreement," says Suard dryly. He speaks from experience. ITT, Alcatel Alsthom's American partner, agreed to merge its European telecom business with Alcatel Alsthom's only after the French firm was privatised.

Dual-purpose. How useful are Alcatel Alsthom's foreign friends? In theory they serve two purposes. First, they relieve the company of some R&D costs in expensive areas like advanced telephone-switching and high-speed railways. That was the rationale behind its GEC-Alsthom venture, which makes France's super-fast Trains a Grande Vitesse and is jointly owned with Britain's GEC. Second, they are meant to help the firm, which makes more than half its sales to government bodies of one sort or another, win "local status" abroad. Alcatel Alsthom's recently-completed share swap with Fiat, part of a broad exchange of interests between the two groups, had just this in mind.

Grand designs often look less attractive close up. Since its formation two years ago, GEC-Alsthom has failed to increase its profits or cut costs much. The plum part of Alcatel Alsthom's Fiat deal was the chance to take control of Telettra, an Italian maker of telecom equipment. But Alcatel Alsthom pinched the firm from under the nose of IRI, the state-owned holding company which includes Italy's telephone operator, and is hence Italy's biggest buyer of telecom equipment. Despite the Fiat alliance, Telettra may get fewer equipment orders from IRI in future.

What should trouble Alcatel Alsthom is that selling to operators of national telephone networks is becoming an ever more competitive business

One piqued customer is no disaster. What should trouble Alcatel Alsthom is that selling to operators of national telephone networks — the firm's biggest market — is becoming an ever more competitive business. Alcatel Alsthom makes a hefty 17% operating return on such sales, reckons Christophe Cherblanc, an analyst at Cholet-Dupont, a Paris stockbroker. That is because telephone operators, including France Telecom, tend to

award most of their custom to one national supplier, rather than shopping around for the best prices.

That is set to change. Under a directive of the European Community that comes into force at the start of 1993, national telephone operators will have to put all contracts over a certain size out to open tender. Suard claims this will make little difference. If he is wrong, his firm is in for a shock. On gadgets like small switchboards and handsets, which are sold to ordinary private companies in a competitive market, Alcatel Alsthom's operating margins are under 2%.

If its overall telecom margins tumble, Alcatel Alsthom's curious product diversity is unlikely to cushion the blow. Although Suard talks of potential synergies in computer software between the various parts of his group, there are no real overlaps. Even the way the firm is run — the Paris headquarters staff is only 300 people, leaving subsidiaries largely autonomous — acknowledges the unrelated nature of Alcatel Alsthom's businesses. Though breaking up is hard to do, it may, in the long run, be the best option for the firm's shareholders. — *The Economist.*

Aquino has reduced tariffs to boost the economy.

DILUTED PACKAGE

In what could be her last major economic-policy initiative, president Corazon Aquino has ordered the implementation of a tariff-reform package for the Philippines. But the programme is as much a triumph for entrenched business groups as it is for presidential mettle.

The measures are a diluted version of executive order (EO) 413, a sweeping overhaul of the tariff regime which Aquino was forced to suspend in August 1990 in the face of vigorous opposition. Under this order, duties on most imports would have been reduced to a maximum of 30%, with immediate effect.



AQUINO: *Pushing through reforms*

The new programme, which will apply from 22 August, will give domestic industries four years to adjust to the increased competition from foreign goods that will result from the reduced duties. Several local industries, however, will still be able to shelter behind high tariff walls.

Aquino signed EO 470 on 20 July, just before Congress opened its last session, to take advantage of a "flexibility clause" in Philippine law that allows the president to revise tariff rates when Congress is in recess. In effect, it has the approval of Congress, as it was drafted by a joint executive-legislative committee headed by Hernando Perez, the chairman of the powerful ways and means committee of the house of representatives.

Under its doomed predecessor, EO 413, the effective protection rate would have been reduced from the current 25% to 19%. The new programme will bring it down to 21% over a four-year period ending in July 1995. A muted response by the media reflects the satisfaction of local business groups with the new programme.

The Philippine government is sending a signal to business that the era of protectionism is coming to an end

Simplified structure. One of the main elements of EO 413 was the introduction of a simplified four-tier tariff structure: a 3% impost on raw materials not produced domestically, 10% on those available locally, 20% on all intermediate products and 30% on finished goods. The revised order largely sticks to this structure, but imposes six other tariff rates, four of which are to be phased out by July 1995.

A main principle of the initial reform programme — that the maximum rate be limited to 30% — has been derailed by the decision to maintain a permanent tariff of 50% on 179 commodities. This capitulation contradicts the government's intention to make the economy more productive by reducing tariff shields, and it is a victory for those who will continue to benefit from them.

For example, the earlier order would have cut from 50% to 30% the duties on beer (dominated by San Miguel Corp) as well as on toiletries (domestically produced by multinational Procter & Gamble and by Philippine Refining Co). The new order maintains the tariffs at their current rate.

The country's biggest industrial project, the Philippine-Japanese joint venture Republic-Asahi Glass Corp, said last year that EO 413 would torpedo its P300 million (Rs 27 crore) float-glass project if tariffs on glass products were lowered from 50% to 30%. The order maintains the rate at 50%, to be gradually phased down to 30% by July 1995.

A consensus. Finance secretary Jesus Estanislao — who has been crusading for drastic tariff reform measures since he assumed office — is philosophical about the mangling of his package. "We have to accept political realities and just hope that the programme (will) build up momentum in the coming years," he says. "It is a consensus we've arrived at in a democracy."

For the administration, the timescale of the programme is politically astute: the first phase will come into operation in July 1992, at about the time Aquino will be vacating Malacanang Palace. According to sources, the Aquino administration will now be demanding that Congress pass into law new taxes that it is seeking. This is the payback the administration expects for effectively

giving the legislature a role in the order.

The finance secretary's acquiescence in the new executive order is also convenient. The aborted EO 413 would have reduced customs revenues by P19.9 million in the first year of its implementation. Such a revenue loss may have been manageable last year. But after the demands placed on the budget by Mt Pinatubo's volcanic eruptions, it would have been a serious loss to the exchequer.

Because of the phased nature of EO 470, revenue losses resulting from the reduced tariffs will amount to only P4.6 billion in its first year of implementation, with total revenue losses from the programme estimated at P18.2 billion over five years.

The finance secretary is apparently calculating that the executive order will send a signal to Philippine business that the era of protectionism is coming to an end. Cossetted industries are likely to start trying to improve their efficiency (or even move out of sectors in which they are uncompetitive) within the four-year programme. Once this shift starts, resistance to the reforms will become so dissipated that the issue may move off the political agenda.

Finance undersecretary Diosdado Macapagal notes: "What is important is that the programme has taken on board Congress," unlike the aborted EO 413. The government's strategy also recognises the value of legislative inertia: it is extremely difficult in the Philippines to amend a regulation or law after it is imposed or enacted, as proven by the thousands of Marcos presidential decrees still in force.

Pro-agriculture. So far, the new tariff-reform programme seems to have pleased most interested parties. Even the department of trade and industry, considered a bastion of protectionist ideology, has no complaints. "The most important feature of EO 470 is that it rationalises the tariff system, and corrects the decades-old bias of trade policies against agriculture," trade and industry undersecretary Gloria Macapagal-Arroyo points out. Arroyo notes that the effective rate of protection for manufacturing will be reduced from 36% to 30% under the executive order.

Tariff commission chairman Chulia Azarcon says that the revenue losses would mean gains for local industries in terms of lower production costs. "It is only now that (businessmen are) realising that EO 413 (which) many of them were protesting against last year would have meant millions of pesos in savings for them," she says.

In the past, when a consensus could not be reached in the policymaking process, or when vested interests were stubbornly opposed to change, the government has opted to postpone making a decision. In this case, though, the administration has refused to be dissuaded from its reform programme, for all its compromises and imperfections. — *Far Eastern Economic Review.*

MTV is looking to foreign markets for growth.

PROFIT CHANNEL

"I want my MTV." So sang Sting, a rock star whose success owes much to the video-music cable-TV channel he was demanding. Sting was not alone. MTV (Music Television), which went on the air in America on 1 August 10 years ago, was one of the most popular — and profitable — new media outlets of the eighties. It was also hugely influential, changing the way record companies promote their artists and giving advertisers a new way to reach high-spending consumers in the 16-34 age group.

After a decade of relentless growth in America, MTV rightly fears that its home market is almost saturated. Now it is looking to foreign markets for future growth. So far, however, MTV is finding it difficult to repeat its phenomenal success abroad.

Through a series of joint ventures set up by MTV's parent company, Viacom International, versions of the channel are now available in 194 million homes in 40 countries. Rare is the place where Madonna's video provocations remain unseen. The Soviet Union and eastern Europe have been receiving MTV since last year; a new network, MTV Asia, will soon be on air.

MTV remains an attractive vehicle for advertisers keen to woo the teenaged and yuppie markets

These ambitious plans are routinely spoken of at MTV in windy phrases like "global vision." And judging by MTV's recent performance, such hubris might seem justified. Revenues for Viacom's MTV networks (which includes four other, much smaller, cable channels) rose in 1990 to $349 million, up 23% on 1989. Its subscribers, 55 million in all, are up 14% in a year.

Necessary strategy. But MTV's worldwide strategy is less a matter of vision than of necessity. The steady growth of cable TV in America is unlikely to continue: since most places are now wired for cable, the 60% of



MADONNA: *Worldwide exposure, courtesy MTV*

homes currently receiving it may be close to the limit of those interested enough to subscribe. Though the cable audience is not getting much bigger, channels are proliferating. Such increased competition for viewers has caused the ratings of many big cable networks, including MTV, to slip.

Even so, MTV in America remains an attractive vehicle for certain advertisers — those keen to woo the teenaged and yuppie markets, like Sony and Levi Strauss. That MTV delivers these desirable demographic groups by "narrowcasting" is one of its strengths. Another is that its programming is almost cost-free: record companies are paid only nominal fees for the videos.

All this is helpful outside America — particularly in Europe. MTV Europe (a joint venture between Viacom and Maxwell Entertainment Group) is the biggest of MTV's foreign sisters, reaching 27 countries and 25 million homes. It is aggressively pan-European: its programming (and advertising) is all in English, and the same everywhere it is shown. The challenge for the channel's advertising-sales division, then, is to convince consumer goods firms that while there may be no such thing as a true Euroconsumer, MTV's viewers are the next best thing.

Tough sell. It has been a tough sell. MTV Europe has yet to make a profit in the four years since it started, though the channel's managing director Bill Roedy says it will do so by the end of 1992. A big part of the problem has been advertising: analysts say the company probably brought in about $15 million in ad revenues in 1990, but that is still as much as $5 million short of what it needs to break even.

The channel's advertising sales director Bruce Steinberg says that most firms are not organised to make pan-European media buys. To sell a spot on MTV often requires convincing the marketing directors of the company in each country to sign on to the deal — and give up a piece of their national advertising budget in the process. When MTV first tried to convince Swatch to buy time on the channel, it had to win over more than 50 marketing managers.

Such complications have forced MTV Europe into an odd position: rather than merely flogging advertising time, the channel tries to devise various marketing packages with advertisers that include sponsorships of programming, concert tie-ins and write-in contests. Deals like this have involved firms such as Panasonic and Pepsi.

In this, MTV Europe has borrowed from its American forerunner, which was one of the first media outlets to offer "integrated marketing" packages to advertisers. Like MTV itself, it was a novel idea now commonly practised. That means MTV cannot afford to rest on its laurels for long. Though the network has proved it is more than a passing fad, how long it will last — and whether it will be as successful abroad as in America — will depend on its ability to come up with more new tricks. — *The Economist.*

Asian exporters are seeking an end to the MFA.

DASHED HOPES

A 17-month extension of the Multifibre Arrangement (MFA), which governs world trade in textiles, dashes Asian hopes of a significant increase in textile exports to developed countries next year. But the alternative was chaos. If the MFA had lost legal force on 31 July, world textile trade could have degenerated into a damaging free-for-all.

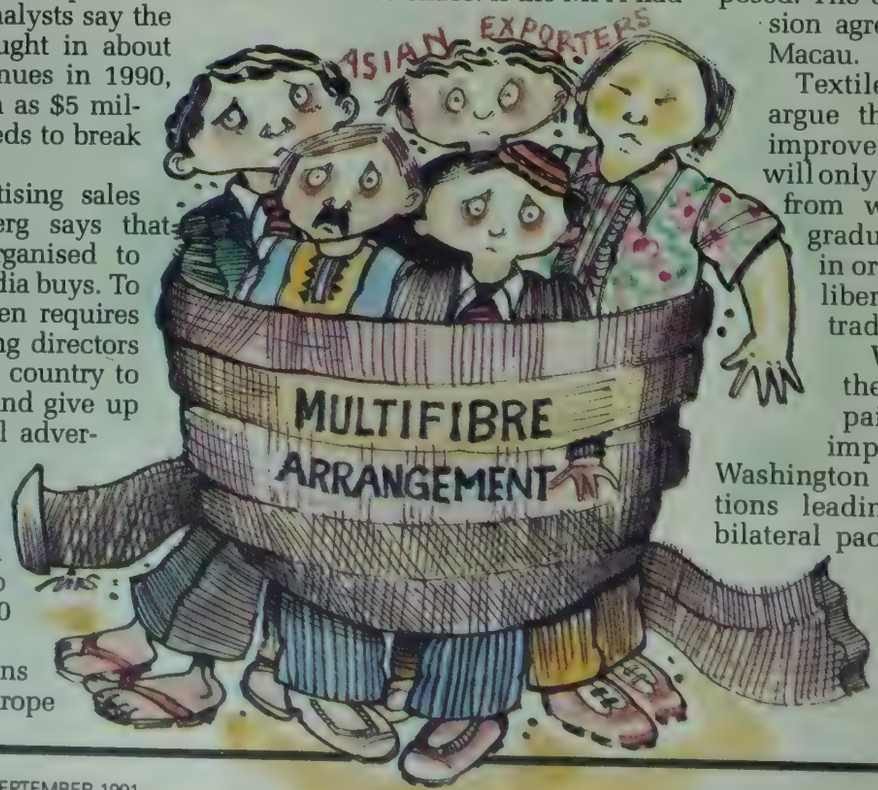
"Our main objective has to be to protect actual trade," says Andrew Wong, Hongkong's deputy trade representative in Geneva. But the ultimate aim of Asian exporters remains the integration of the textile trade into the Gatt (General Agreement on Tariffs & Trade) framework, which is part of the troubled Uruguay round of global talks. The MFA has been extended until the end of 1992, by which time it is hoped that the round will be successfully completed.

Unfulfilled objectives. Asian countries went into the MFA talks demanding assurances that importers would refrain from introducing any new restrictions during the 17-month period. Although they have not obtained their main objectives, there are some gains. The MFA extension protocol reaffirms the general Uruguay round commitment to restrain protectionism.

For the moment, both the European Commission (EC) and the US have made it clear that they will use the MFA extension to forge "technical" extensions on the existing terms of their bilateral agreements with the main textile suppliers. Hongkong has already agreed to a four-year extension of its bilateral agreement with the US and a one-year prolongation of its accord with the EC. In both cases, no new restrictions or cutbacks were imposed. The US has also signed extension agreements with China and Macau.

Textile-importing nations argue that talks on short-term improvements in bilateral deals will only distract trade negotiators from what exporters want: a gradual abolition of the MFA in order to secure a long-term liberalisation of world textile trade.

With industry lobbies in the US and the EC campaigning for tougher textile-import policies, Brussels and Washington will argue that negotiations leading to completely new bilateral pacts may result in an increase, rather than a reduction, in import restrictions imposed on Asian textile suppliers. — *Far Eastern Economic Review.*

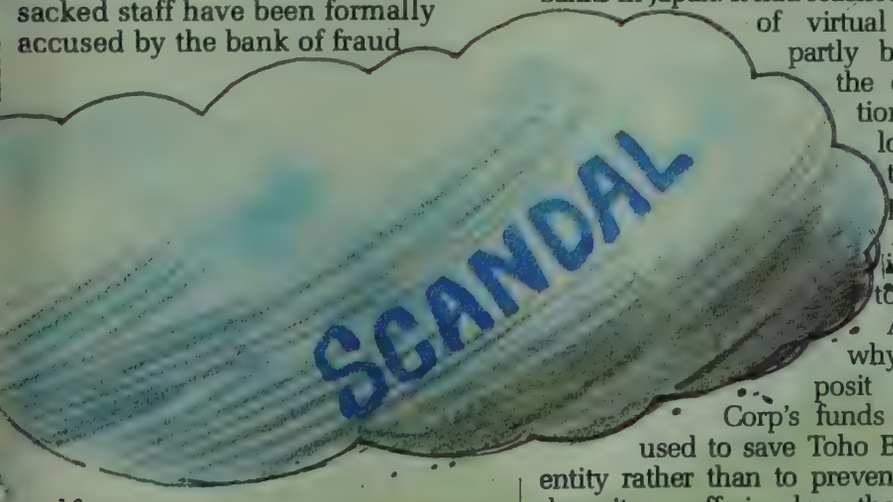


Another financial scandal rocks Japan.

DUBIOUS DEALS

Financial scandals are proving to be as hot as the Tokyo summer, as one institution after another suffers the consequence of laxity and avarice during the rampant asset inflation of the late eighties.

First it was the securities sector (with the client-compensation issue showing no signs of fading away), now it is the banking industry. What could be the biggest banking fraud in Japanese history has been uncovered at Fuji Bank. The country's fifth-largest commercial bank admitted on 25 July that it had sacked four employees who ran a ¥260 billion (Rs 4,750 crore) illegal loans scheme dating back to 1987. Three of the sacked staff have been formally accused by the bank of fraud and forgery.



Loans were obtained from finance companies for 23 Fuji clients, mostly real-estate firms, who found it hard to secure financing after an official clampdown on lending to the property sector. Forged deposit instruments credited to clients' accounts were presented as collateral for the borrowings.

Debt trouble. The bank said it discovered the deals a few months ago when one of the borrowers failed to make payments to a finance company, which then approached Fuji for collateral that did not exist. Fuji Bank took over the loans itself and obtained collateral from clients. The bank said that uncollectable bad loans totalled ¥27.1 billion, or more than one-fifth of its net profit last year. The fall in Japanese land and property prices following the stockmarket collapse last year apparently left the borrowers unable to repay their debts. Another major city bank, Kyowa Saitama Bank, has admitted a similar problem, which involved forged deposit certificates worth ¥8 billion. A deputy director has been dismissed.

Meanwhile, Japan's Deposit Insurance Corp, which is jointly controlled by the finance ministry and the Bank of Japan (BOJ), is to make a loan from the ¥600 billion official deposit-insurance fund to help Iyo Bank, the 20th largest regional bank, take over the Shikoku-based Toho Sogo Bank. This is the first time the fund has been employed since its inception 20 years ago.

Toho Sogo was the only one of this type of small bank which was unable to meet the conditions for converting into a category known as second regional banks in Japan. It had reached the point of virtual collapse, partly because of the concentration of its loans to the shipping and shipbuilding sectors.

Asked why the Deposit Insurance Corp's funds are being used to save Toho Bank as an entity rather than to prevent ordinary depositors suffering loss, the BOJ cites the need to preserve confidence in the banking system. — *Far Eastern Economic Review.*



NEWS BRIEFS

■ **Asian-Americans** are going great guns. Asians in the US are creating companies at a faster rate than any other minority group. According to a new US Census Bureau report, businesses owned by Asians and Pacific Islanders nearly doubled between 1982 and 1987 — a growth rate twice that of black businesses and more than six times that for the nation as a whole. Nearly all these enterprises are of the small variety.

■ Its new strategy is to dispose of non-core businesses. And, as part of this gameplan, **Chase Manhattan**, the New York commercial bank, is to sell most of its North American commercial leasing businesses (with assets of $2.2 billion) to four buyers. The sale will help the bank improve its capital ratios. Earlier this year, Chase had sold its institutional asset management business to the Union Bank of Switzerland.

■ **Saatchi & Saatchi** (S&S) is in for a dose of perestroika. The advertising group is restructuring the senior management of Saatchi & Saatchi Advertising Worldwide (**SSAW**), its flagship international advertising network. Until now, SSAW had been divided into two divisions: S&S Advertising North America and S&S Advertising International.

■ **Peugeot** is taking the road out of the US. **Peugeot Motors**, the struggling US sales arm of the French car-maker, is to stop selling cars in the US. The reason for the pullout: the "depressed state" of European-make luxury-car sales. Peugeot's problems in the US worsened after the introduction of luxury cars from Nissan Motor Co's Infiniti division and Toyota Motor Co's Lexus line.

THAKORE'S PEOPLE

Suffer (that is tolerate/love) little children, for of such is the kingdom of heaven is a not-so-well known but apposite biblical injunction.

Not in the sovereign, secular, socialist and overweeningly self-righteous Republic of India. Forty years after Independence, an estimated 44 million children (below the age of 15) are working for a living; more than 60% of the nation's children drop out of primary school and the vast majority of little citizens suffer from malnutrition, poor housing and parental neglect.



BARSE: *One-woman army*

Worse, the rickety infrastructure reluctantly created for child welfare — primary schools, remand homes, corrective institutions — are in a shambles. And until recently it was usual practice to incarcerate children into common jails housing hardened criminals for the most trivial offences.

Since the mid-eighties, a one-woman army — Sheela Barse — has been waging a relentless and surprisingly successful struggle to give back the nation's dispossessed children their rights. A former freelance journalist and law graduate of Bombay University, in 1985 Barse filed a historic public interest petition *Sheela Barse vs the Union of India & Others* in the Supreme Court praying for a change in the detention rules relating to children and for their immediate release from common jails.

It was a long haul because it took three years and repeated reminders for state level administrations to submit details of children in custody within their jurisdiction to the Supreme Court. "Today there is a much greater awareness of the rights of custodial children within institutions such as the police, jails and the judiciary," says Barse who now has the respect and authority to make surprise unannounced visits to jails and children's homes all over the country.

Nevertheless, Barse is very conscious that social issues such as the neglect and abuse of children and women require institutional or systemic solutions. "It is important to be able to look at the entire picture rather than become the protagonist of a particular case. This is why I usually make an attempt to contribute to the legal, administrative and policy formulation aspects of these live social problems," says Barse.

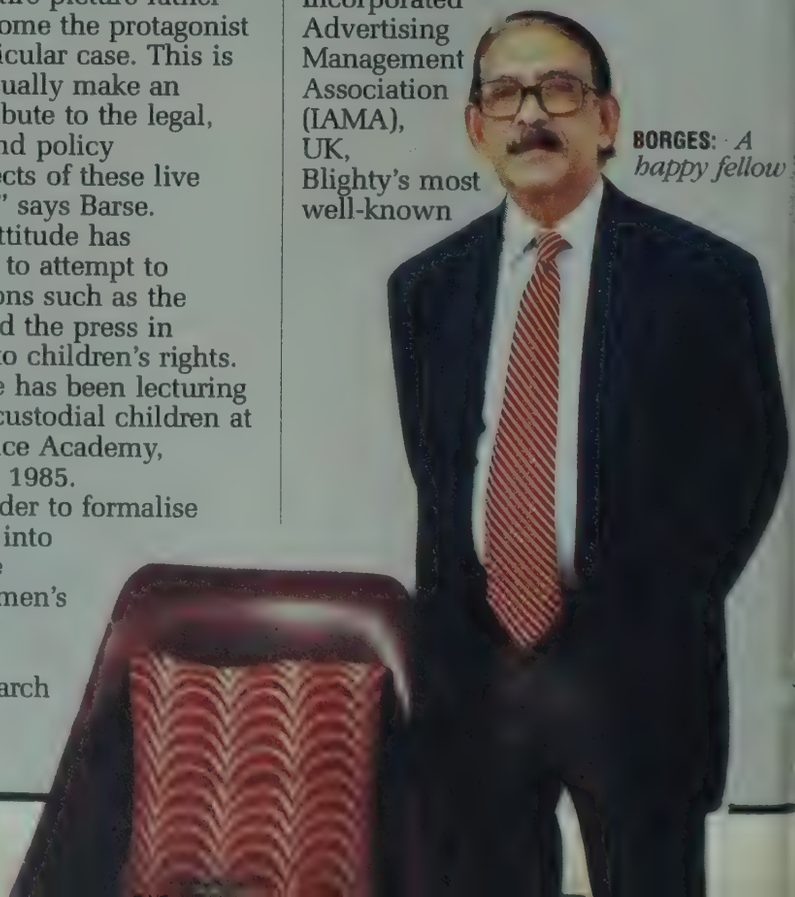
This holistic attitude has persuaded Barse to attempt to activise institutions such as the police, courts and the press in matters relating to children's rights. For example, she has been lecturing on the rights of custodial children at the National Police Academy, Hyderabad since 1985.

Recently, in order to formalise research activity into children's, police persons' and women's rights, Barse has promoted the Neergaurav Research & Development Foundation (NRDF). A registered charitable trust with a board of high-profile advisers. (Justice A.D. Desai, Nawaz Mody, Vasant Saraf, G.R.S. Rao among others), NRDF's objectives are to research and develop children's rights, help policepersons' children, develop police sciences, study women's perspectives and related law and justice systems. Based in Bombay, the foundation will employ a dozen full-time administrative and support personnel.



"Specific project funding poses no problems. Perhaps it will be a bit of a problem raising the corpus of Rs 25 lakh. But I am confident of being able to do so. People in India are much more helpful to well-administered good causes than is commonly believed," says Barse who lives alone in spartan circumstances in suburban Bombay.

A cheerful, never-say-die individual, who has recently received recognition for his manifold contributions to the not-yet-wholly developed disciplines of advertising and public relations (PR), is Alfredo Borges (65). On 1 July, Borges was appointed a fellow of the Incorporated Advertising Management Association (IAMA), UK, Blighty's most well-known



BORGES: *A happy fellow*

association of advertising professionals with a membership of over 5,000. Borges is the first Indian to be honoured with a fellowship of IAMA.

"I am very pleased that I have been made a fellow of IAMA. It is a recognition of 40 years of work in advertising and PR. IAMA would like more members from India and it would be in the national interest for our advertising professionals to enrol with transnational associations such as IAMA. Acquiring an awareness of the latest trends and techniques in international advertising would help our export drive. There's a need for Indian marketers and advertisers to think globally in a fast contracting world," says Borges.

An English literature graduate of Bombay and Nagpur universities, Borges began his professional career as the first publicity officer of Larsen & Toubro way back in 1948. Eight years later he signed up with Burmah Shell where he edited the path-breaking house journal *Burmah Shell News* published in nine languages. A decade later, in 1966, Borges accepted the offer of Hoechst Pharmaceuticals to start its PR division which publishes five in-house magazines. In 1985, after having served Hoechst faithfully for almost two decades, Borges put in his retirement papers. Currently he is the full-of-beans chief executive of Alfredo Borges Associates, an advertising and PR consultancy firm. Corporate clients include Voltas, Crompton Greaves and Herbertsons among others and annual billing in fiscal 1990-91 aggregated Rs 21 lakh.

"The corporate sector needs more independent PR consultants to press home the message that companies are a part of society and need to communicate more effectively with society, that is their customers. There is a great deal of equity in corporate reputations which flows into their brands, creates customers and attracts shareholders and managerial talent. There is a slow but growing awareness of these linkages in Indian industry," says Borges.

A gregarious and popular extrovert, Borges lives in Bandra — Bombay's premier suburb — with his wife Roshan. Their children Rui (35), Sandra (33) and Carl (31) are "doing their own things."

The allopathy system of medicine, which has conferred the miracles of modern medical science upon mankind, is on the retreat. All over the world people are increasingly turning to alternative schools such as homeopathy, ayurveda and nature cure among others.

But it's not necessary or advisable to go the whole hog and switch from one system to another. Every system of medicine has its own strengths and virtues. One can have the best of all curative systems, says Manik Hiranandani (33) the well-known Bombay-based practitioner of "integrated medicine." "Allopathic medicines continue to be the most effective for the treatment of emergency or accident cases and bacterial infections. But alternative systems are better for the treatment of other ailments. For example, ayurvedic medicines are more effective in curing liver and kidney disorders and acupuncture for treating pain, nerves and psychological disorders. Every system has the answers to some problems while no system has all the answers to all problems. There is a need to pick and choose," says Hiranandani, a graduate of the Armed Forces Medical College who began practising as a general practitioner in 1982.

Since then Hiranandani has come a long way, having studied acupuncture, homeopathy, herbal medicine, iridology and cranial sacral osteopathy. Moreover, he has also authored a book *Non-Invasive Acupuncture* ($30) which he says is the only treatise of its kind on the subject.

"Every year, I make it a point to attend the Alternative Medicine Conference which is held in different parts of the world. At these conferences I target the most interesting speakers and their systems of healing. I then visit them in their own countries and learn their science from them," says Hiranandani who has travelled to over 20 countries to learn alternative healing systems.

With a record of having conferred the benefits of integrated medicine to over 10,000 people in India, Hiranandani's reputation has quite obviously spread abroad. This winter, Hiranandani will travel to Hongkong to assume charge as director of the Vital Life Centre, promoted by Australian philanthropist Nancy Bekhor. The 5,000 sq ft centre will have a staff of 40 including 14 specialists such as acupuncturists, aroma therapists and chiropracters. "I am looking forward to working with skilled specialists from various schools of medicine," says Hiranandani who nevertheless intends spending half the year in India.

Single and surviving, Hiranandani currently lives in a quiet enclave in the busier section of Bombay's trendy Colaba area.



HIRANANDANI: *The healing touch*

- *The author is the former editor of* Business India, BusinessWorld *and* Debonair.

MERGER IN THE OFFING?

Barely two years ago, it was Tata Fertilisers which was merged with Tata Chemicals. And now it's merger time again in the Tata empire. Tata Industrial Finance Corp (Tifco), which went public in January 1990, is to be merged with Tata Finance Ltd (TFL). Both these companies were promoted by Tata Industries.

Tifco was set up to finance the hire-purchase of industrial and consumer goods, besides getting into merchant and investment banking services. But very little really happened. In the year to March 1990, Tifco wiped off its accumulated losses and made a profit of Rs 54 lakh.

TFL, which went public in 1984, is primarily engaged in providing hire-purchase finance for commercial vehicles, plant and machinery and consumer durables. The maiden dividend was announced the third year of going public, and for the year to March 1990, the company dished out 20%. For the six months to September 1990, the net profit figure of Rs 89 lakh had already surpassed that of the whole of the previous year.

But what will be the conversion ratio? Well, no prize for guessing. Both the scrips are hovering around Rs 50.

SAPRU'S (DI)VISION

It is a matter of conjecture whether ITC's outgoing chairman J.N. Sapru will choose to announce his final bequest to ITC at the forthcoming annual general meeting on 23 September, where he takes his last bow.

The fact is that a policy decision has been taken at ITC that the future growth of the organisation will be managed in terms of what might be appropriately labelled the 'group concept.'

As the first step, a proposal (originally datelined 1986 and since shelved) to hive off the Welcomgroup hotels division as a separate company is being revived. The new company will be called ITC Hotels and will be separately quoted. Operationally, it will run independent of its parent, on whom it will only depend upon for strategic guidance.

The nomenclature has been also carefully worked upon. Over a span of time, all group companies will carry the prefix 'ITC.' Last month, Bhadrachalam Paperboards went through its rechristening at its annual general meeting. Classic Finance may follow suit. ITC Agrotech is already suitably named.



SAPRU: *Divide and rule*

Clearly, the masterplan aims at insulating ITC's non-tobacco businesses from the excise and environment travails of the tobacco industry. Properly executed, the blueprint could well yield, in the fullness of time, half a dozen asset-rich, financially in-the-pink companies as part of a vastly expanded ITC empire. Some day, a future 'emperor' will enjoy the fruits of Sapru's vision. Hopefully.

IRBI'S DEATH-KNELL?

According to the proverbial reliable reports, finance minister Manmohan Singh's money-saving axe may well land on the Industrial Reconstruction Bank of India (IRBI). Even till as late as end-July, S. Padmakumar of the Kerala cadre of the IAS was being actually expected to join this apex financial institution for sick companies as chairman. At the last moment, he was instead appointed chief secretary of Kerala.

If the North Block grapevine is to be given credence, the Reserve Bank submitted a confidential report to the finance ministry not long ago reviewing IRBI's future status — and the prognosis is grim. This year's detailed budget papers conveniently omit the usual specific annual budgetary provision to subsidise IRBI's operating losses — which many reckon is a pointer to its likely fate. The distinct possibility exists of IRBI being abolished as a separate undertaking and being absorbed into the Industrial Development Bank of India (IDBI).

Clued-in observers reckon that if at all IRBI does get a fresh lease of life, it will be due to planning commission deputy chairman Pranab Mukherjee, who might try to gain political mileage by 'saving' the only Calcutta-headquartered Central financial institution. Paradoxically, many of IRBI's employees would not mind moving to IDBI's employ, because the latter's payscales and perks are better.

THE PAPERCHASE BEGINS

The share price of the sick Titaghur Paper Mills, has suddenly shot up to over Rs 21 on the Calcutta stock exchange. After selling its Chowduar mill in Orissa to Thapar outfit Ballarpur Industries Ltd (Bilt), the company is now trying to pay off most of the 4,000 workers in its two West Bengal units and, in turn, sell off those. The two major contenders for these units are ITC and, again, Bilt.

Some problems, however, remain. Both the prospective buyers have insisted that the huge and bloated labour force be taken care of beforehand but that may not sit well with the Left government in the state. Again, raw materials sourcing is likely to be a knotty question. Moreover, Titaghur's machinery is today old and rusted, and the units will require substantial capital investment. Further, some Rs 16-20 crore of liabilities are required to be taken over by the buyer.

Nevertheless, Titaghur's units may be a good investment. The question now is who is going to win the paperchase.



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BusinessWorld

THE MAGAZINE FOR INDIAN BUSINESS

TAKEOVERS

THE END OF AN ERA?

The battle for Larsen & Toubro is still on. But the long-drawn-out and hostile takeovers of the eighties — Escorts, Shaw Wallace and Gammon, for instance — may be a thing of the past. Tomorrow should see more happy marriages, open offers and strategic alliances.



ngry shareholders at the
ljourned Larsen & Toubro EGM

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- INTERVIEW: F.C. KOHLI

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SWADESHI POLITICS

Swissair Customer Portrait: Vikram Ahuja, Businessman



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GIST
23 SEP 1991
C. P. T. I., MYSORE

BusinessWorld

the magazine for indian business

VOLUME 11 ISSUE 12
11-24 SEPTEMBER 1991 RS 10

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25-28 Atlanta, 209 Ceremonial Boulevard
Nariman Point, Bombay 400 021
Phone: 233193
Circulation/Subscription enquiries
81 Modi Street, 2nd floor,
Fort, Bombay 400 001
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Fleet Street, London EC4
Phone: 01-353-1821
Inland Subscription Rates
One Year: Rs 168
Two Years: Rs 336
Three Years: Rs 504

BusinessWorld does not accept responsibility for returning unsolicited manuscripts and photographs.

Printed at Tata Press Ltd, 414, Veer Savarkar Marg, Bombay-400 025 and published from 145 Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400 021, by Ranen Chakravarti on behalf of Ananda Bazar Patrika Ltd.

BUSINESS QUOTES



...in Calcutta, if a cow is lost, I guess the first person they'll think of is me, their Prasantoda.

Peerless General Finance & Investment Co chairman P.C. Sen on how everybody comes to him with their problems, quoted in The Times of India.

I am the new government. And anybody who thinks that the new government is not interested in the environment hasn't encountered me as yet.

Minister of state for environment & forests Kamal Nath, quoted in The Illustrated Weekly of India.

In the world of economic colonialism, the IMF (International Monetary Fund) is the gunboat of the empire-building multinationals.

Former Union railway minister George Fernandes, quoted in Mainstream.

If people are not doing their job properly, you don't close the office down. You don't throw the baby out with the bath water.

Union minister of civil aviation & tourism Madhavrao Scindia on Indian tourist offices abroad, quoted in The Independent.

Please don't force us... we want to be prudent rather than showing adventurism.

Telco chairman Ratan Tata hedging on a bonus issue, quoted in Business Standard.

The government has relied on people who don't know which end of the cow is more important.

National Dairy Development Board chief V. Kurien on the move to delicense the milk industry, quoted in The Sunday Observer.

It should now be a pleasure to export rather than a pain.

Eicher group chairman Vikram Lal, quoted in The Economic Times.

You can have a Saatchi & Saatchi kind of advertising, but, if you are going to talk to the people of Dharavi (a Bombay slum), it won't work.

Lintas Public Service Communication Group manager Tara Sabavala on social awareness campaigns, quoted in The Economic Times.

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TRENDS

THE NEED FOR AN EXPORT THRUST

The government's economic policy changes and slow domestic growth have sent one message to Indian computer outfits: export, if you want to stay in the big league..

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FIRST PERSON

"HOME MARKET COMES FIRST"

For Faqir C. Kohli, director-in-charge of Tata Consultancy Services (TCS), "exports are a means of gaining experience and earning



KOHLI: *The home guard*

money to import hardware." But home is where his heart and efforts really lie.

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GUEST COLUMN

HARDWARE EXPORT AVENUES

Although software exports hold more potential, hardware exports can be promoted by going in for non-standard products, niche markets and the like.



THE L&T EGM: *Chaotic scenes*

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BUSINESS FEATURE

TAKEOVERS: THE END OF AN ERA?

The eighties saw a lot of hostile and bitterly-fought takeovers — Larsen & Toubro (L&T) being the latest example. Tomorrow is likely to bring more open offers, happy marriages and strategic alliances. An era seems to be over in takeover styles.

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ENTREPRENEURS

NOT A GASBAG

For the six years Pradeep Ranganathan has been in the inflatable equipment business, he has catered to the specialised defence segment. But he is sure his latest foray into the consumer products market will not be his Waterloo.

RANGANATHAN: *Confident of making waves*



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STRATEGY

CLAMOUR FOR GLAMOUR

What makes a metallurgical outfit home in on washing machines; or an engineering supremo jump into microwave ovens? While a synergy between these seemingly-unrelated areas may be one reason, there's also the ego factor.

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MANAGEMENT

IN DEFENCE OF CONSULTANCY

If called in for the right reasons, management consultants can strengthen companies. The practice, however, is yet to pick up in India.

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ECONOMY & BUSINESS

EXPORT DESIGNS

The Indian silk industry, till date, hasn't been able to make much of the burgeoning demand in Europe. But with the Indo-German Export Promotion (IGEP) Project taking off, Indian silk exports to Germany could well receive a fillip.

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IN THE NEWS

THE PRESENT TREND

Trade & Technology Exposition Co director Vickram Sethi has many firsts and successes to his credit in the field of expos. His Giftex 91 did not disappoint either.



SETHI: *Expo king*

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VIEWPOINT

"GO FOR PRIMARY MARKETS"

So says Deepak Relan, partner in the Delhi-based R.K. Relan & Co. It is the right decision for an



RELAN: *Primary advice*

investor who wants to play safe.

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SPECTRUM

REFUSING TO SUBSIDE

Thanks to political interference and vested interests, the fertiliser subsidy issue seems to be back to square one. The result will be that both the industry as well as the farmer will suffer. No guesses as to who's going to profit.

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COMPANY NEWS

CHANGING TIMES

Thanks to recent changes in the excise structure, the



THE RPS PLANT: *Spinning out new plans*

money-spinning days seem to be over for Rajasthan Petro Synthetics (RPS). But the company has a lot of other plans to bring in big bucks.

49

CHANGE OF DOSE

With his main export market — the USSR — facing troubled times, J.B. Chemicals chief J.B. Mody is looking towards Europe. Besides, he's also moving into more profitable product categories.

51

STEELING A MARCH

Various factors, including the devaluation of the rupee and the railway freight hike, have combined to make a dent in Bhilai Steel Plant's bottomline this year. Will new managing director Subrata Ray be able to stem the rot?

62

PERSONALITY

ON WHEELS OF SUCCESS

Rahul Bajaj has got what it takes. Which is why Bajaj Auto is where it is today — the third largest two- and three-wheeler manufacturer in the world. A look at the man, his family, his work and philosophy.



BAJAJ: *Aiming high*

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OFFSTAGE ▪ PAGE 128

Chairman & managing director of Mothercare India Prakash Ahuja loves to call himself a *dookandar* (shopkeeper), but one with a professional touch. And he's busy spreading his kingdom. Little Kingdom, as it is modestly called, is a retail chain catering exclusively to the needs of children below 10.

Under an arrangement with a group in the UAE, Ahuja will open three Little Kingdoms, one each in Dubai, Sharjah and Abu Dhabi, before Christmas. "We will manage the stores and earn 5% royalty on sales, which are likely to be worth $3 million in the first year," says Ahuja. "Half the merchandise in these shops will be from India and the rest from all over." But why the UAE? "In the Gulf, Indian brands are accepted and retailing is still in its infancy," explains he.



AHUJA: *Expanding his kingdom*

That apart, Mothercare has bagged trial orders for kidswear from departmental stores in the US and a mail-order company in Sweden. At home, three more Little Kingdoms will open this year — in Madras, Bombay and Delhi — taking the total to 21. The company is now on a sounder footing with the earlier losses of Rs 17.8 lakh having been written off and a small surplus of Rs 7.7 lakh being carried forward in 1990-91.

All this is not to say everything is hunky-dory. The festival season last year was a washout and there is a pronounced slowdown in consumer buying this year. Says the savvy marketer with refreshing candour: "We will not be able to double sales each year as we have done in the past. It's time for cost-cutting and consolidation." When mothers pare spending, it costs Mothercare dear.

His job, it seems, is more PR than anything else: Pepsi Foods chief Ramesh Vangal has been hopping from city to city armed with charts and calculations, figures and facts to prove that Pepsi is not the multinational monster it is made out to be.

VANGAL: *PR first*



Vangal has run a considerable gauntlet. "Our project was vetted by 14 inter-ministerial committees, had 200 questions in parliament and was the subject of 14 debates and three call attention motions," he says. "If someone made a cost estimate of government time, it would probably be close to the cost of the project itself."

Pepsi, claims Vangal, has brought much manna to the Punjab farmer. Besides, it is bringing in much needed greenbacks; Pepsi will be exporting Rs 30 crore worth by end-March 1992. "We look on exports as an opportunity, not a penalty," says Vangal a shade ponderously.

On soft drinks, which has seen high-decibel advertising and much mud-slinging, Vangal is a little more cautious. Pepsi has become a significant player in the soft drinks business, he says gingerly, skirting any mention of marketshare. And on his bete noire, Parle, this is his offering: "Parle has finally begun fighting in the marketplace and we're glad. Parle is a savvy marketing company; they don't need protection." Here's a soft drink to that.

The traditional glassy stares of persons who have had one over the eight are going to give way to plastic looks soon. That is, if UB group outfit McDowell & Co has its way. McDowell has now started hawking some of its wares in PET bottles instead of glass.

"It is a trend the world over," says McDowell president S.S. Gandhi. "PET bottles are unbreakable, they weigh less and are far more convenient."

McDowell has made another innovation too. Instead of nips and pints, the PET bottles will be of 500 ml and 1 litre. Coming up soon are larger sizes — 2 litre and 4 litre bottles.



GANDHI: *Thinking big*

But who exactly is going to buy a 4 litre bottle? "There's a market for it all right," says Gandhi. He explains that in the West, 4 litre beer spheres — globes filled with beer — are hot sellers. Will their Indian incarnation be rum drums and gin bins?

A PREPOSTEROUS CONCEPT



It is indeed a welcome sign that the Union government is eager and anxious to see the ongoing structural economic reforms through to their logical conclusion.

On the one hand, the prime minister and several of his cabinet colleagues continue to enunciate, at public fora, that the process of change is irreversible. And on the other, an 11-member 'high level' panel of officials has been constituted to oversee the implementation of the policy reforms and, if necessary, to 'fine-tune' the latter.

While the former is an unexceptionable demonstration of political will, the latter step is retrograde. Even the most ardent apologists for Max Weber's doctrine of bureaucracy will doubtless concede the point that the bureaucratic system is not a self-correcting one. As such, it has been terribly unrealistic on the part of the finance minister to have relied on career bureaucrats — quintessential file-pushers, if you like — for implementing reforms.

It is terribly unrealistic to rely on career bureaucrats to implement the current round of economic reforms

Indeed, it can even be cogently argued that an unfair responsibility has been cast on the worthy shoulders of these 11 mandarins. By the nature of their jobs, they ought to be told what to do and not left free to subjectively interpret policy directives.

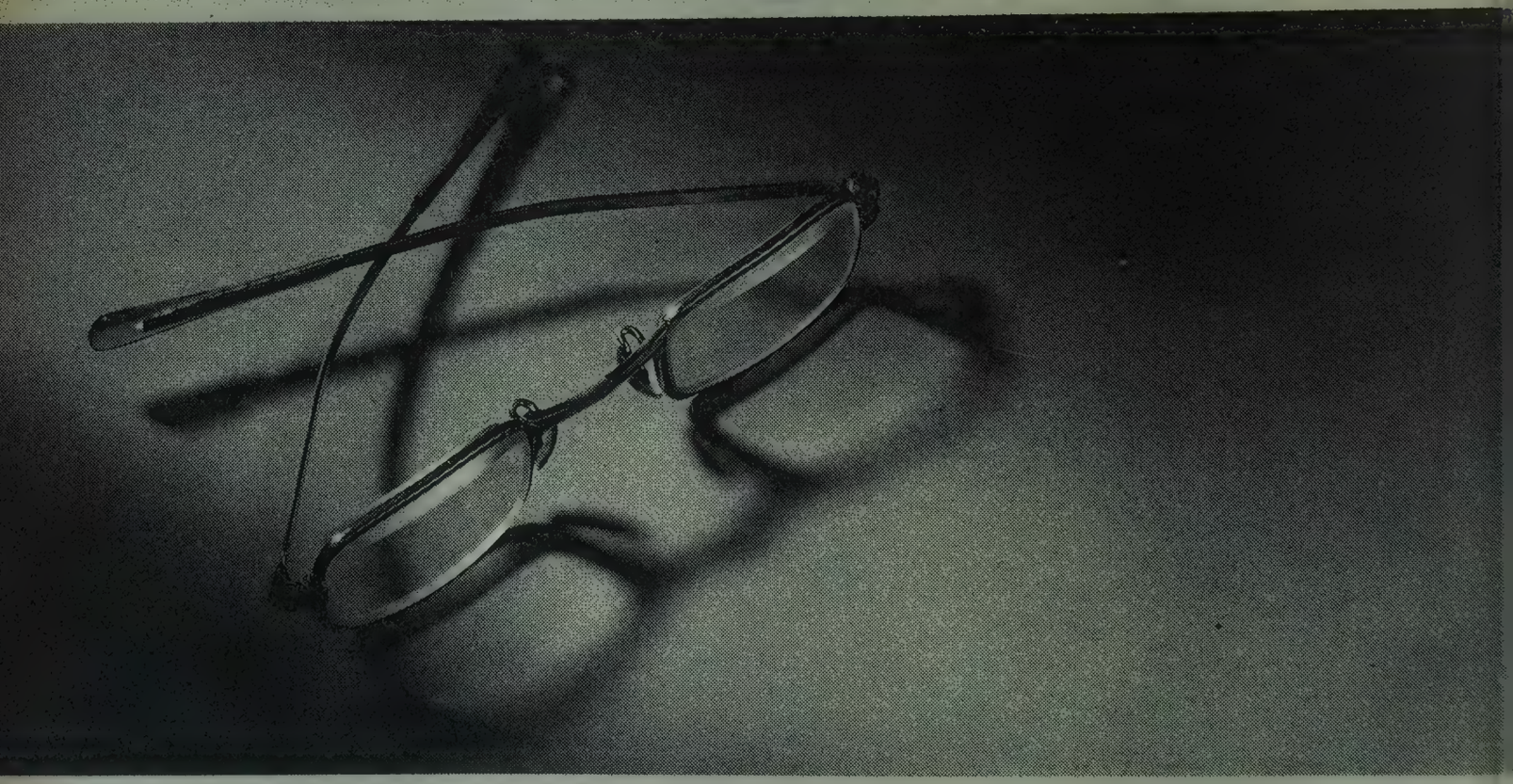
To illustrate: the panel has been asked *inter alia* to "suggest a timeframe for eliminating (licensing control) within three-five years with a properly-defined sequencing." While doing so, it has to take five factors into consideration: export promotion, trade deficit management, balance of payments, foreign exchange reserves and — most benignly — the need to provide "adequate time for the domestic industrial sector to adjust to the reduction in import controls." (What about the labyrinthine bureaucracy first adjusting itself to live without discretionary powers?)

To top it all, the panel has been given a generous 10 months to come up with its suggestions. With the likelihood of a couple of extensions being granted, its handiwork will not see the light of day till 1993. And only then, in time-honoured fashion, will these 'suggestions' be vetted for acceptance or rejection. Presumably, zero hour for commencing the three-five year timeframe referred to above will be marked thereafter.

The whole concept is preposterous. Instead, all controls should have a four-year abolition deadline — well within the term of this government. Secretaries should be instructed to ensure full and final implementation within this period, failing which all residual controls will be guillotined automatically.

The last thing India can afford is to have its economic reforms bogged down in the morass of petty procedure.

Q



Does your policy
really have blanks ?

CARING. AN ORIENTAL TRADITION.

A

NOT IF YOU HAVE BEEN PRECISE AND CLEAR.

You may feel the easiest part of getting insured is filling in the proposal forms. Yet this could be the beginning of all your problems, if not done properly.

How do you make sure this does not happen to you?

Insist and ensure that every single risk discussed with Oriental's representative is included in the proposal form. Do not leave any blanks, and read the fine print carefully.

Make sure every question is answered clearly. Remember, your policy is a contract, and what it covers depends on how you answer the questions asked.

How do you make sure?

To do this, you have to ensure you have all the facts. These should be filled in precisely and clearly. Keep a record of all the details, as these will help you if you have to make a claim.

What is the most important factor?

Always remember your insurance policy is a contract between you and the insurance company. What it covers and excludes is how you are protected. So, keep it safe and treat it with respect.

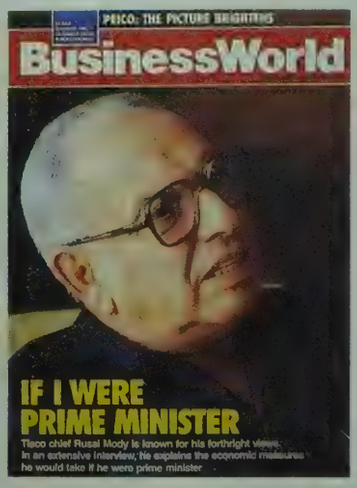
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LETTERS TO THE EDITOR



NO VAIN DREAM

The Business Feature on Russi Mody 'If I were prime minister' (*BW* 31 July-13 August 1991) made interesting reading. Mody's dreams have been fulfilled, although partially, courtesy commerce minister P. Chidambaram.

Gurdeep Singh
Jamshedpur

DARING VIEWS

The views expressed by Russi Mody in the Business Feature 'If I were prime minister' were very daring, and contained some bitter truths. It would be appreciated if other industrialists like the Birlas, Modis and the Ambanis were interviewed on the same topic in *BusinessWorld.*

O.P. Goel
Delhi

FORMIDABLE TASK

This refers to the Editorial 'An onerous task' (*BW* 31 July-13 August). Prime minister Narasimha Rao indeed faces a formidable task in dismantling the system of controls. Vested interests standing to benefit from the old system will put major obstacles in his path.

Will he succeed where better men have failed?

G.P. Nair
Cochin

THIRST FOR MORE

You were good enough to make an incidental reference in the Spotlight 'A quest for a golden mean' (*BW* 31 July-13 August) to P.K. Ghosh, the most popular professor at the Jamnalal Bajaj Institute.

Being a student of his, I feel that readers would have enjoyed it more had the interviewer asked him some additional questions. It was like going to a famous restaurant and having just half-a-glass of water.

Milind Kathalay
Maharashtra

WHITHER ETHICS?

This is with reference to the Spotlight 'A quest for a golden mean.' Establishing chairs of business ethics at the Xavier Labour Relations Institute (XLRI) and the Jamnalal Bajaj Institute of Management Studies (JBIMS) is a laudable step. But it is doubtful whether a list of rules can resolve conflicting business situations and help choose between right and wrong, good and bad and hard and soft options.

Lack of the right values is responsible for the deterioration in business ethics. This is because success is associated with amassing wealth. Gandhiji rightly defined civilisation as voluntary reduction of wants. Simplicity in life will enable one to take hard options and therefore lead to a better business environment.

Bhupendra Madhiwalla
Bombay

ABSORBING ARTICLES

The Spotlight 'A quest for a golden mean' made absorbing reading. Also,the Management piece 'Learning through adventure' in the same issue gave an indication of contemporary thinking abroad. More of such articles would be welcome.

Vivek Dogra
New Delhi

UNBEARABLY BEARISH

This refers to the Spectrum article 'Missing the boat?' (*BW* 31 July-13 August). I was quite surprised by the pessimistic view of the article. No doubt there are problems galore plaguing the shipping industry, but is being so bearish right?

The current economic changes should see the industry benefiting a great deal. And with industry on the whole set to take off in a year or so, the down-the-line effect will be felt by shipping too. Exports are expected to go boom-boom as are imports. So shipping companies can discard their lifebelts.

Shernaz Mistry
Bombay



NO IMPEDIMENTS

This refers to the News Brief in the Company News & Events section on the export of our motorcycles to Hungary (*BW* 17-30 July).

We would like to clarify that there have been no impediments to our exports to Hungary from our collaborators Suzuki Motor Corp. Formalities for homologating our vehicles are under progress. As soon as the clearances are received, we will commence exporting motorcycles to Hungary. Suzuki Motor Corp has been most supportive towards our export efforts. In fact, we export mopeds to many countries using their outlets.

N.S. Mohan Ram
President
TVS-Suzuki
Tamil Nadu

A CORRECTION

In the Management article 'Terrorists and executives' (BW 14-27 August 1991), the name of the author was inadvertently given as Sharu S. Rangnekar. The article was written by G. Pandey. The error is regretted. — Editor.

PRODUCTS & PROCESSES

FUN WITH NUMBERS

For kids who like mathematic brain-teasers, here is a new revolutionary board game called Math Pursuit, which has been developed by Scott Resources of the US. It may not perhaps convert the not-so-bright into math-whizkids overnight, but it can certainly improve their arithmetic prowess. At the same time, it can be fun — coming as a welcome diversion from the usual boring classroom routine of battling with numbers and the rudiments of trignometry.

Math Pursuit reviews specific math concepts at home and at school. This attractively-designed game is played with participants moving around a brightly-coloured mat by answering questions in four areas: money, measurement, numeration and computation. Three different levels of questions make the game interesting enough for children of different ages with varying math skill-levels.

FOOD & FEED ANALYSER

Tecator AB of Sweden has developed a dramatic, self-contained electronic food and feed analyser which uses near infrared transmittance spectroscopy and requires little or no sample preparation. Called the Infratec 1225, it thoroughly analyses raw materials and compounded feeds for the food-processing, dairy and livestock industries. It can also swiftly analyse protein, moisture, fat and fibres with the procedure taking less than a minute. Samples such as grains, pastes, meals, pellets, wet sillage, among other things, can all be analysed with this instrument. Dustproof and waterproof, the product can be used in harsh shopfloor conditions for both process and batch quality control. It does not require a skilled operator.



PORTABLE TOILET

You might have heard of portable TVs, computers, generators, and what have you. But ever heard of a portable toilet? Well, here is one marketed by US-based Hollywood Trading. This unusual product could be a real source of comfort for trekkers and campers staying away from the civilised world for long stretches of time. It could also have been an ideal solution for slum-dwellers who normally let loose whenever and wherever nature sounds its call, but for the daunting fact that it is steeply priced at $2,200 a piece.

RANJIT HIRA



The company has already started marketing the stand-alone solar-powered portable toilet which offers all the comforts of a toilet at any location. It comes complete with a flushable porcelain bowl, a fresh-water wash basin, mirror and interior lights. Moreover, this fancy toilet has an exterior light which indicates when the unit is occupied. The self-contained toilet is odourless, self-ventilating and requires no chemicals. It is powered by a roof-mounted, photovoltaic panel that maintains an internal 12V DC battery.

MOTORLESS WATER PUMP

This one will find a good market in rural India. CBG Enterprises of the US, has come up with Gravi-Chek, a portable, motorless water pump. This lightweight and compact device operates on running water which supplies the energy to pump up to 45,000 litres of the liquid per day to elevated heights. This pump, if used by Indian farmers, will obviate the government's usual problems with the powerful agricultural lobby, while subsidising electricity charges for working pumps. Easy to install, it can be used by farms, industrial units, homes, orchards and parks. The pump is made of economical, easy-to-maintain materials.

FLOORS THAT LOOK GOOD

Most floors take a lot of tramping. And unless the room has wall-to-wall carpeting, the wear and tear is soon apparent making even the most elegant floor look unappealing. A long-lasting chemical treatment for maintaining floors has been developed by Trusty-Step International of the US. This unique treatment etches an invisible tread onto the floor's surface. The chemical, branded Trusty Step can be used both indoors and outdoors on a wide variety of surfaces, including ceramic and stone tiles, concrete or marble. Typical applications include hospital floors, commercial kitchen floors, bathroom floors, steps, ramps, walkways, and food processing areas. One treatment is supposed to last for at least two years.

Enquiries should be addressed to:
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209, Ceremonial Boulevard,
Nariman Point, Bombay 400 021.

• *The author is the editor of* Newventures Digest, *a magazine for entrepreneurs.*

NOVEL DIABETES-TESTER



Diabetic patients may be able to check their blood sugar levels quickly and without pain thanks to a non-invasive device developed by researchers at Futrex of the US. Many patients have to measure their blood sugar up to eight times a day to help them to avoid the serious consequences of unchecked diabetes such as blindness and kidney failure.

The new device makes obsolete the present mode of testing blood by pricking the finger as it uses a near infrared beam of light that penetrates the skin. The beam records the characteristic signature when absorbed by glucose in the blood vessel, allowing the calculation of the concentration of glucose. The monitor, in fact, uses an infrared emitting diode — similar to that in a television remote control handset — and a solid state receiver.

NEW FAT SUBSTITUTE

A new fat substitute called stellar — a modified starch with a wide variety of potential applications — has been developed by A.E. Staley (now taken over by Tate & Lyle), the second largest corn refiner in the US.

Stellar can replace 60-80% of fat in many food products which include margarine, sour cream and ice cream. The product has an advantage in that it can be used in baked foods. It is made from corn starch powder treated with hydrochloric acid to cleave the molecules. The resulting crystalline powder is sheered with water to provide a creme with fat-like properties.

RETARDING ALGAL GROWTH

Researcher R.P. Barrett and his colleagues at the Aquatic Weeds Research Unit at Sonning in the UK have found that when barley straw is left to rot in water for a while the growth of algae in the water is controlled. The discovery promises a novel solution to two major environmental problems — blue-green algal blooms which are toxic to animals and humans in lakes and reservoirs and algal blanket weed that blocks drainage pumps and sluices.

SEPARATING OIL AND WATER

A professor of chemical engineering at the University of South-western Louisiana, US, Ching-Shen-Fang, has developed a technique to separate water-in-oil emulsions. It simply makes use of the heat energy in microwaves. Hitherto, the separation of water from oil in these stable emulsions (generated in petroleum refineries and natural gas pipelines) involved highly energy-intensive treatment such as heating (with steam or in fire-tube heaters), centrifuging, vacuum filtration or emulsification chemicals. In tests, Fang has found that emulsions absorb or convert to heat all or a good portion of any incident microwave energy. The heat, in turn, enhances the separation of emulsions containing 30-50% water-in-oil.

DIAMOND FILMS FOR CHIPS

Material scientists in the US have recently reported a promising step towards using thin diamond films to make faster and more durable electronic chips. The method opens up the way for making hardier transistors, more compact electronic chips and zippier computers.

Thin films of diamonds are conventionally made by vaporising hydrocarbons to leave their constituent carbon atoms on heated surfaces — a process called chemical vapour deposition. But such films result in discontinuous crystals preventing charge-carrying ions to hold in an electronically useful way.

A new way to make defect-free films has been found by Jagdish Narayan and Vijay Godbole at North Carolina State University and Clark White at Oakridge National Laboratory. The (process involves) bombarding copper with carbon ions and then using laser pulses to melt and resolidify the surface. The implanted carbon ions collect in the liquid metal layer during the melting phase and form a continuous crystalline film 500 angstroms thick on the surface on resolidification.

MOSQUITO REPELLENT



Here is an environmentally-friendly mosquito repellent. James Woodruff of the Pacific International Centre for High Technology Research (Pichter), Hawaii has developed a device which he claims is the world's most effective exterminator of mosquitoes. It is based on a suction fan that kills insects instantly by drawing them on to a fine mesh where they are struck by spinning nylon thread. The mosquitoes are attracted towards the machine by an ultraviolet light.

Called the Dynamic Flying Insect Exterminator (Dynex) the machine can be used both indoors and outdoors; the fan diameter can be changed from 4.6 cm indoors to 3 metres for outdoor use. Woodruff says the device is safe and environment-friendly as no pesticides are used and the machine is virtually noise-free.

ARTIFICIAL ANTI-FREEZE



Thomas Caceci of the Virginia Polytechnique Institute in the US has synthesised the first artificial anti-freeze peptide (AFP) that allows fish to survive in waters as cold as -2°C through genetic engineering techniques. The new material could be used to protect citrus crops, motorways and aircraft from ice and frost. It can also be used as a cryo protection agent for tissues, organs and research reagents.

POLYMER OF THE DECADE?

Amoco Chemicals claims that Amodel resin which it has announced recently is the first major engineering polymer to be introduced commercially in a decade. According to the company, Amodel resins can bridge the gap between traditional thermoplastics and more expensive speciality engineering polymers.

The thermal capability of the new resin is exceeded only by polyketones and some liquid crystal polymers. The resin can be fabricated into many intricate parts using conventional moulding equipment. Moulded parts apparently exhibit little warpage or shrinkage and unlike polyesters and polycarbonates do not corrode or require critical drying procedures.

ANTI-BACTERIAL AGENT

Japan's Tochigi-Ken Textile Industrial Laboratory has developed an anti-bacterial agent for fibre processing that is produced from chitosan (crab shell extract) and has excellent anti-bacterial activities and insolubility.

The agent is effective against *E. coli* and *Staphylococcus aureus* and offensive odours. And it decomposes into carbon dioxide and water under ultraviolet irradiation of textiles. Thus products can be coated safely with the agent and even be burnt in a refuse incineration plant with no anxiety about carcinogens being generated as in the case of chlorine-based synthetic bactericides.

The agent does not dissolve in water or exfoliate when heated for about one hour at 105°C. It is dried, powdered and mixed with pigment printing resin for use in wearing apparel. It is also claimed to prevent athlete's foot.

SULPHUR-FREE OIL

A process known as biomass pyrolysis has been developed by the Solar Energy Research Institute of the US department of energy. It converts biomass chips (virtually dry sawdust) into sulphur-free fuel oil that has almost the same energy content as ordinary fuel oil. Biomass chips are entrained with nitrogen, super-heated steam and recycled gas at 600-700°C and fed tangentially at 300-500 feet per second onto the wall of a cylindrical reactor. The temperature, combined with the high gravity forces on the chips (as they slide down the wall), vapourises the oil from the chips.

WARNING SENSOR

HMD Sealless Pumps of Eastbourne, UK has developed a microprocessor-based sensor that measures magnetic flux patterns to track bearing wear in magnetically-driven pumps. It eliminates the need to dismantle the pump. The sensor marketed under the brandname Insight can be attached to the outside of the pump shroud separating the two magnets. In contrast, conventional sensors require the pump containment shields to be cut to attach electrical or pressure-activated probes.

Insight records the original magnetic flux patterns of the shaft when it is new. As the bearing wears down, the shaft's radial and axial movements change, causing a different flux pattern. The degree of these flux changes is measured by the device indicating the level of bearing wear. It shuts the pump off automatically if the bearing wears down to within 80% of the permissible limit.

NEAR-PERFECT SPEAKERS



Japanese camera-maker Canon has developed dome-shaped speakers that make it possible to beam out near-perfect stereo sound to a wider audience. The problem with present day stereo speakers is that the listener must sit equidistant from the two speakers to get a full stereo effect. People elsewhere in the room, however, hear a lop-sided stereo sound appearing to come mainly from the nearest loudspeaker because it sounds louder.

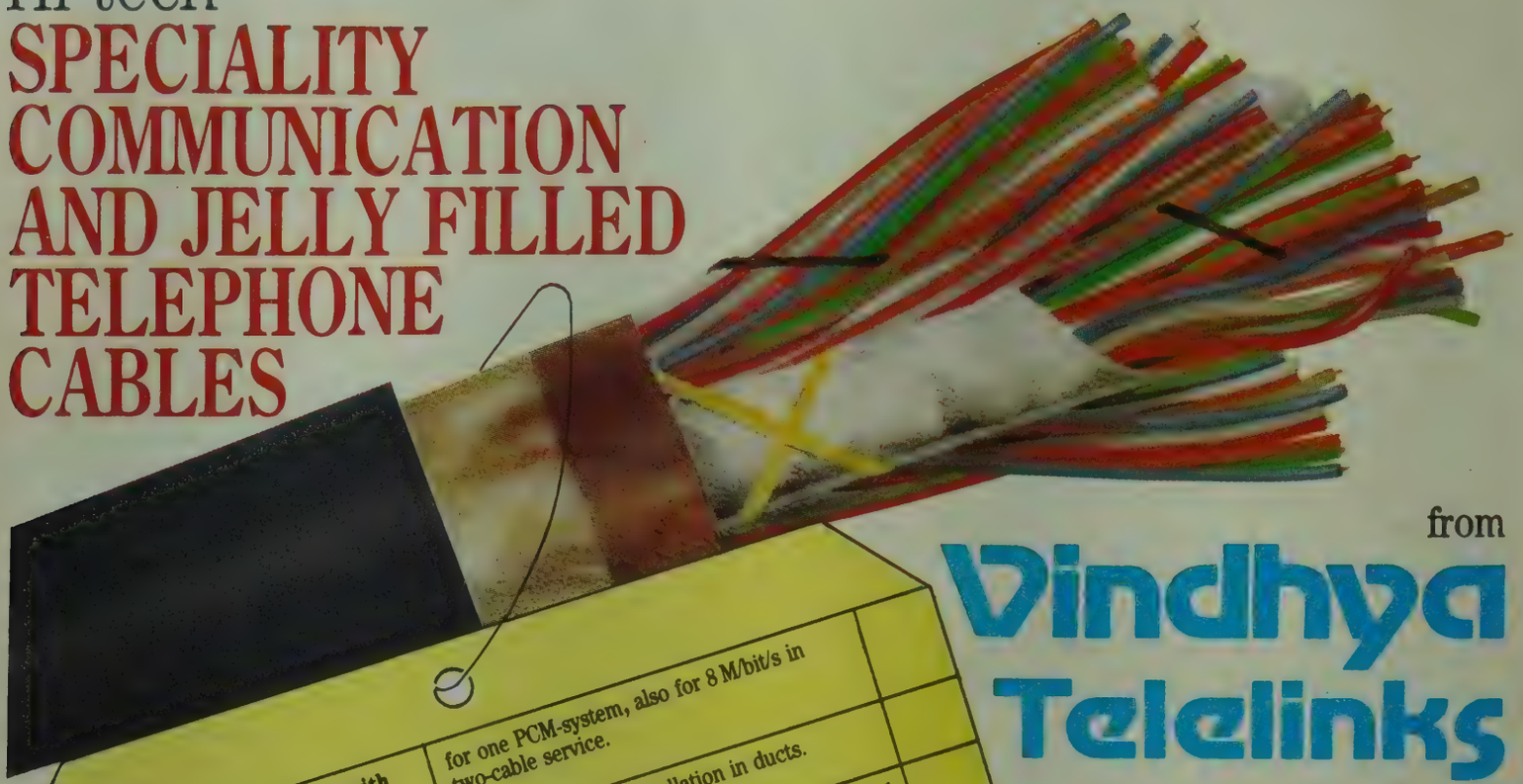
Known as wide imaging stereo (WIS), the new loudspeaker system despite its circular appearance radiates sound only to the front. WIS uses an acoustic mirror based on optical properties to reflect the sound into a wide beam which sounds louder from certain directions than from others. When used in a pair the beams cooperate to give an even sound pattern over a wide area.

□ K.A. Neelakantan

The author is a Bombay-based freelance technical journalist

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Cell-PE insulated, jelly-filled, screened polyethylene sheathed...	for underground installation where screening is required.
Cell-PE insulated, jelly-filled, tape armoured, polyethylene sheathed...	for underground installation where protection is required against attack of rodents or insects, or minor mechanical risks.
Polyethylene insulated, polyethylene sheathed, self-supporting...	for aerial installation on poles or other supports.
Polyethylene insulated, screened, PVC-sheathed...	for fixed location in and outdoor. For processing equipment and information systems which require high realibility.
Polyethylene insulated, PVC-sheathed...	for indoor installation. Also for outdoor, if properly protected.
Polyethylene insulated, PVC-/PE-sheathed...	for outdoor intallations. Also for underground.
Polyethylene insulated, screened, PVC-/PE-sheathed...	for indoor or outdoor installation. Also for underground, when screening is required.
Polyethylene insulated, PVC-sheathed with suspension strand...	for aerial cables for installation on poles or other supports.
Polyethylene insulated, PVC-sheathed, with high tensile strength conductors...	for aerial cable, self-supporting ("drop-wire").
Polyethylene insulated with high tensile strength conductors...	for aerial cable, self-supporting ("drop-wire").
Field telephone cable, PE-and PA-insulated, self-supporting...	for temporary telephone connections. Also for military purposes, requiring high mechanical strength.
PVC-Insulated...	for internal wiring on walls or in conduits. Can be fastened with nails through the web between the conductors.
PVC-Insulated, PVC-sheathed...	for fixed installation indoors in telephone exchanges. Also for signalling purposes.
PA-Insulated, PVC-sheathed...	for fixed installation indoors in telephone exchanges.
PA-insulated, screened, PVC-sheathed...	for fixed location. Suitable where small dimensions are necessary.



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TIEUPS ON OFFER

With growing awareness about environmental pollution, the demand for devices to test for pollutants has also gone up. Indian companies can cash in on this increased demand by going in for such machines. US company Specialized Environmental Equipment has come up with a mobile unit — termed the Enviro-Lab — that enables laboratories to test for water, soil or air pollution in the field.

Each unit is designed and manufactured to suit clients' needs at their chosen locations. It can be equipped with sophisticated testing equipment, or with a minimum of equipment for those with a small budget. The company is seeking agents for this product.

Contact: Ron Dickerson, president, Specialized Environmental Equipment, Dept CN, 425 Three and Twenty Road, Easley, South Carolina 29642, US. Tel: 803-859-8277. Fax: 803-859-1494.

Austrian scientists have come up with a technique to treat laryngeal diseases which could mean the end of the relatively complicated tracheotomy operation.

An endoscope, a tube-like instrument, is inserted into the patient's mouth and pushed down as far as the larynx. The endoscope contains microsurgical instruments which the operator can use to treat the larynx. At the same time, it also has built-in nozzles which assist the anaesthesised patient's breathing. An air-oxygen mixture is pumped into the endoscope at two simultaneous frequencies (12 and 600 times per minute). Hitherto the surgeon's view of the larynx was considerably hampered by the anaesthetic tube. A tracheotomy was therefore required to sustain the patient's breathing.

The new technique, developed by specialists at two clinics of Vienna Medical School, the Anaesthesia and General Intensive Medicine Clinic and the First Ear, Nose and Throat Clinic, does away with all this. Indian pharmaceutical firms could approach the school for the technology.

Contact: Universitat Wien, 1 Universitatsklinik fur Hals-, Nasen-, und Ohrenkrankheiten, Lazarettgasse 14, A-1090 Vienna, Austria.

Detecting leaks in pipes and boreholes is a time-consuming task. British firm Marine Electronics has developed a pipe-profiling sonar which can make this task much more easier. The gadget — Model 1512 — can detect flaws in pipes and boreholes which are full of liquid.



Said to be the only one of its kind, Model 1512 is designed for use in sewers to detect deformations as small as 2 mm. It can locate displaced or lost bricks and missing mortar as well as measure depths of silt and water. The system uses a 525 mm long and 89 mm diameter underwater scanning unit in a stainless steel pressure housing which can work at depths of 500 m. Other components include a sonar signal-processor unit and a high-resolution colour monitor — both of which are housed in aluminium cases and can be used free-standing or rack-mounted.

As the scanning unit is moved through the pipe — on a skid, float, tractor or remotely-operated vehicle — the distance travelled is shown on the screen to a resolution of 100 m. This allows accurate determination of the location of flaws relative to the surface.

Options include a trackerball and software enhancements for dual-cursor and circle overlays and random outlines; a cable drum with a 30 m polyurethane-clad cable; a 40 MB tape streamer for archiving images; and additional sensors for depth, temperature, pH and salinity. System upgrades are entered through the integral floppy-disk drive.

Contact: Brian Evans, Marine Electronics, Unit 10, Barras Lane Industrial Estate, Vale, Guernsey, Channel Islands, United Kingdom. Tel: 44-481-53181. Telex: 4191501. Fax: 44-481-53182.

In-die tapping is often performed by devices that are integrated into cutting tools. These require considerable amount of space and cannot be put to other uses very quickly. Besides, they suffer from various limitations with respect to reliability, their ability to tap holes simultaneously, the minimum space between the holes and their speed.

French firm Pronic has come up with an in-die tapping device that it claims will overcome all these difficulties. This modular device is very compact and offers a considerable operational capacity. It can tap one or several holes simultaneously, even with different diameters. It can tap holes that are just 10 mm apart, working from the top down or from the bottom up.

The original design of this device's movements offers the possibility of transforming the vertical movement of the press into the circular movements of the taps, all completely under control. This is made possible through the combination of a lead-screw, a system of pinions and a template. It can even tap blind holes that penetrate to a distance of just a few hundred millimeters from the bottom of the hole.

Contact: J.C. Casset, Societe Pronic, Avenue des Melezes — B.P. 1 Thyez, 74311 Cluses, France. Tel: (33)50989566. Telex: 380 323. Fax: (33)50961043.

CLAMOUR FOR GLAMOUR

Larsen & Toubro is stepping out in style with its La Paz shoes. Indian Aluminium is hawking Superwrap foil for the housewife. Metal Box had introduced cans for the kitchen. And even Telco is moving into 'sports' cars and trendy four-wheelers.

What makes these players in the engineering and infrastructural segments take the plunge into unrelated consumer markets? Is the glamour, the instant recognition, sufficient payoff for the obvious lack of synergies? Or is there more to it than just that?

Take the instances of Batliboi — the engineering minigiant — and IFB (formerly Indian Fine Blank), the metallurgical outfit. Both have unveiled their vehicles for entering the fiercely-competitive consumer durables arena. Batliboi has introduced two products — the Eddy microwave oven and the Teal washing machine. IFB has put into play its Bosch washing machine. Why have these companies got into consumer products? Can they, and others of their ilk, make it big? Or, to put it succinctly, what does it take for an industrial product company to win in the consumer product sweepstakes?

Industrial product companies are increasingly moving into consumer products. But not all have managed to make a success out of it

THE MOTIVES

First — the why. For Batliboi, the reasons for getting into consumer durables were many. The company has three major divisions — machine tools, general machinery and contracting. These account for almost 80% of its turnover of around Rs 300 crore. The balance comes from selling irrigation equipment. A small portion of the turnover, around Rs 18 crore or so, comes from marketing assorted toasters, water heaters and irons.

One reason why Batliboi is paying so much attention to its consumer durables business (despite its contribution being less than 7% of its turnover) is to eliminate or reduce the cyclical downturns that are perpetually present in the engineering industry. Also, the company sees the consumer durables business as being synergic with its engineering background. And, of course, Batliboi's readings show that consumer durables have a great potential. Says A.K. Tiku, Batliboi's director-in-charge of the consumer durables business: "We have been growing at 100% to 150%." The appeal of consumer durables, however, does not seem to be the main motive. In fact, denies Tiku: "We're not in this for the glamour of it."

MEHOOL PAREKH



IFB also has a similar storyline — great potential, need to diversify and synergy with the company's technical background.

These claims, however, do not stand much scrutiny. Economic fluctuations hit the consumer durables industry and industrial product companies equally hard. As regards synergy, Batliboi does not manufacture even a single piece of equipment from their consumer durables range. All the products are made by small units with which Batliboi has marketing tieups. So much for engineering synergy. The dealer network that Batliboi claims to be its strength (over 600 in number) is primarily rural and sells agricultural and irrigation equipment. And IFB's metallurgical strengths can in no way help better the lot of their washing machines. So what are the real reasons for these companies getting into consumer durables?

Admen hold a host of factors responsible for this. Hindustan Thompson Associates CEO Mike Khanna does not rule out glamour. But he attributes the growing tilt towards consumer markets to the massive boom in the consumer segments in the past five-six years. Since 1985, the Indian government has recognised the importance of an enhancement in demand for consumer products as an instrument of economic growth. This is in sharp contrast to the earlier emphasis on infrastructure investments. The markets have also seen the emergence of the new middle class with its awesome spending power, particularly in consumer durables. Khanna also feels that ego may be a factor. If a johnny-come-lately like Videocon steals the limelight from a 100-year-old company like Batliboi purely by virtue of being in consumer durables, egos are definitely going to be hurt.

Newer generations of people entering the business may also hold the key to the motives behind going the consumer way. Second-generation businessmen are more often than not educated abroad and in some of the better-known B-schools. They also bring with them the knowledge of international business. If General Electric (GE) can make jet engines and also manage to sell electric shavers, so the reasoning goes, our

KHANNA: *Seeing a difficult transition*



companies can also do something similar. Batliboi has almost as much synergy with washing machines as GE with shavers. Yet, the latter is doing well in its market. Logically, Batliboi should too. Says Khanna: "The drabness of industrial products often drives companies towards the more attractive consumer products."

Trikaya Grey managing director Ravi Gupta opines that increasing competition in industrial markets has driven many companies to consumer products. He has a point. In industrial products, there exist inherent risks. For example, one is dependent on a few companies for one's livelihood. This contrasts sharply with 150 million potential customers (the entire middle class) for consumer products.

Also, industrial products suffer from what can be called as performance measurability or testing methods. If your competitor's product is technically superior and offers better benefits than yours (this can be easily measured and tested) you can be wiped out at one stroke unless you go one up on your rival soon.

On the other hand, consumer products offer almost no testing methods since most are identical in their features. The brand image does the selling and has a longer life than that of an industrial product. Says Gupta: "A strong carefully-nurtured brand is like insurance — dependable in times of need." He also scoffs at the idea that consumer durables might be an insurance against economic downturns. "No way," says he, "In fact, consumer durables are the first ones hit the moment recession sets in as discretionary spending is curtailed."

Khanna thinks that the yen for consumer products may also have something to do with the attractiveness of the company in the job market. In today's scenario, talent is in short supply; it is the companies which are chasing graduates from the IIMs of the country. A more familiar and glamorous image can only be an asset in attracting top talent.

Khanna also feels that industrial products could be marketed with more sophistication. There is also, sadly, no proper media vehicle for advertising industrial products. As a result, one finds scatterbrained advertising for water taps and bathroom fittings in a magazine like *India Today*. Nowhere in the world would you find such instances. In terms of industrial advertising, the magazine *Inside Outside* does offer good scope for relevant product manufacturers. The TV show *The World This Week* is another good vehicle for running corporate ads. A point in case is the Tisco corporate campaign. The fact, however, remains that the absence of a proper advertising medium adds to the reduced attraction of industrial products.

As to what it would take to succeed in the area of consumer products, it is quite certain that unless rigid compartmentalisation of businesses is carried out, success would be difficult. Since the industrial product company has been existing in a different market altogether, certain drawbacks will emerge. One, rarely is an industrial product company used to marketing. Selling is the proper word for what goes for sales and marketing in such a company. Selling also, till the very recent past, was never much of a problem. Next, years of shortages have also made these businesses complacent.

The consumer marketplace is a total antithesis of all this. A different mind-set, culture and total isolation are essential for this. Agrees Khanna: "Major attitudinary changes are required to adapt the organisation to consumer products." It is also most unlikely that the marketing team of industrial products can achieve success in consumer products. Moreover, a deep understanding of the mind of the consumer, in most cases the Indian housewife, is a necessity for consumer marketing. Support of the trade is also essential. The all-powerful Indian retailer can easily change the prospect's buying decision in favour of another brand. Moreover, the breakeven point of consumer products is also much higher than that of industrial products.

Of course, the upside of all this is that consumer products are much more profitable than industrial products and, if successful, can catapult the company into the big league in no time — something that industrial products can seldom do. More than anything else, separation between the two businesses is of utmost importance, synergy or no synergy.

One company that seems to have succeeded in doing just that is Wipro. Makers of soaps, vanaspati, computers and computer software, Wipro has promoted or segregated the business into different watertight companies having different cultures, locations and policies. So good has Wipro been at this that people familiar with Wipro's computer business wonder if the soap-making company really belongs to the same group. On the other hand, the Birlas have achieved star status without having a single major consumer product company in their stable.



GUPTA: *A good brand is like insurance, he says*

Yet the fact remains that more and more companies are being bitten by the consumer product bug. RPG Enterprises has, of late, started displaying its logo over all HMV products. The Birlas have also had to go for Birla Cement, Birla 3M and Birla Yamaha — their first brushes with the consumer markets.

But success has been limited. Even companies familiar with the consumer durables segment are not able to make it. Crompton Greaves floundered badly in its foray into TVs and personal computers although its fans have a major fan following. Philips, despite all the goodwill it enjoys in the same market, was not able to make much headway in TVs. Murphy TV also proved to be a non-starter. The question is: in a business where even experienced hands fail to score, can newcomers like Batliboi and IFB make it? Some may, but it will take industry.

• *The author is a partner in a Bombay-based consultancy firm.*

We have people who check the people who check the people who check your aircraft.



You might well call it excessive German thoroughness that we don't let our technicians work unsupervised on an aircraft until they have completed four years' basic training and have at least eight years' practical experience.
It goes without saying, however, that their work is still inspected by an even more experienced technician who, in turn, is checked by a highly qualified engineer. And, after all that, there is the independent inspector from the technical control department who reports directly to the Board of Management.
We call this Lufthansa's contribution to inflight relaxation – it's something we simply owe you and ourselves.

Lufthansa

COMPUTER CONQUESTS

Computers and creativity hardly go hand in hand. Slowly, however, the machines are conquering the strongest bastions of the creative mind. Music, painting and what have you have all been influenced by the ubiquitous PC. And now advertising is falling in line.

Practically every field in this Rs 1,700 crore industry is dabbling in the state-of-the-art technology. But the place where the computer has made the strongest inroads in India is in media planning.

"Planning today has no alternative to computerisation," says Mudra Communications media research director M.R. Arun. The problem today is that money must be made to go a longer way. It is therefore essential to optimise the media mix to get the maximum returns from each advertising rupee. Recognising the need for swift, accurate, sophisticated yet versatile solutions to modern media planning problems, the leaders in the industry have programmed their own software packages to suit their individual needs.

Among the pioneers in formulating media planning models is Clarion Advertising. The agency developed what is regarded as India's first optimisation/selection model — the Clarion Mote model — in the seventies. The Mote model had its own inherent drawbacks and Clarion eventually settled for evaluation models — the CASPA (for the print media) and CASCA (for cinema).

"Through computerised media planning we can accurately establish 'reach' and get a combination of all factors," says Clarion senior vice-president Tapan Pal. "(It is) a user-friendly conveyor belt," chips in Sushen Saha, also a senior vice-president with Clarion.

Conveyor belt perhaps. But what really is a user-friendly definition of media planning? In a nutshell, it is shortlisting the media vehicles (press, radio, TV, outdoor, transit media etc) and determining the time, place and number of insertions to be made in a particular medium. This is important because the success of a brand largely depends on the media weight behind it. But it is easier said than done because of the large number of variables.

Clarion is not the only one in the fray. Lintas' Limits (Lintas Integrated Media Planning Interface & Tracking System) is a multimedia planning, monitoring and post analysis module developed in-house. Lintas is equipped with a mini-computer (PRIME 3250) with 386-based PCs. According to associate director & general manager media planning Helen Anchan: "Computerisation is cost-efficient. It gives variations, plan alternatives and evaluates plans."

Everest has its Mediatrek package which is composed of a logical series of media models. The EP4 model is the backbone of Hindustan Thompson Associates' (HTA's) media planning system while Mudra is equipped with optimisation/selection and evaluation models.



ANCHAN, ARUN & NANDA (FROM TOP): *Quest for versatile solutions*

Such media planning packages make for a great deal of accuracy in selecting target audiences. "We can have a primary, secondary and tertiary audience for a given brand," says Ogilvy & Mather (O&M) media group head Shripad Kulkarni. "If we can get product profile data from National Readership Survey IV (which will include additional parameters like socio-economic classification) we can integrate it and get an analysis done on a product by product basis on the computer." Everest media director P.R.P. Nair is of the view that an ideal plan should have the highest reach and OTS (opportunity to see).

A system, including a sophisticated computerised network, costs a tidy sum by no means affordable for small and medium-sized agencies. Lintas has invested Rs 1 crore till date towards computerisation. Others in the circuit have invested Rs 6-10 lakh in media planning. And more will be needed soon.

Will all this result in the old media planners being pensioned off? With the industry already feeling the crunch, is this the logical place for wielding the chopper? Not immediately. But, says HTA media planning supervisor Ashutosh Srivastava: "We may have to curtail fresh recruitment to a certain extent."

What next? "Refinement of media planning is unthinkable in India," says Clarion media director Radhika Nanda. The scenario abroad is different. Access to more databases incorporating extra parameters brought out on a more frequent basis enables planners to chart out complex media plans and achieve better results. In India, data sources are limited.

However, ad agencies are trying their best with what little data they have. HTA (like the rest) will be establishing a wide area network (linking all branches) and developing fine tune optimisation models. O&M is hopeful of developing an integrated exhaustive model incorporating all media databases. "With Limits, data fusion is here to stay," claims Lintas.

Mudra, on its part, is striving to develop a better expert system which functions on rules (fed by planners) and which can select a plan. "Somewhat on the lines of artificial intelligence... a concept which is not familiar even abroad," says Arun.

It does not need artificial intelligence to work out where media planning is heading.

□ Shila Nair



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The road is long. Sometimes smooth, sometimes treacherous. But there's no reducing the pace. Come rain or shine, Dunlop is always on the move. With commitment. With confidence. Carrying goods and people far and wide. In city and village, on highways and dirt tracks. With a driving ambition to reach new destinations.

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SPICING UP

Cakes have long been Bombay-based Monginis' bread and butter. But the jam to the confectionery chain's bottomline might come in the shape of the new range of savouries it is planning to spice up its menu with.

Says managing director Zoher Khorakiwala: "We want to change the image of (Monginis being) just a cake shop in the consumer's mind. We want to be known for snacks too." The Monginis bag of goodies now includes butter cups, spongy cakes, cookies and packaged frozen foods (chicken spring rolls, mutton rolls, vegetable rolls, green peas and mutton samosas and a lot more to come). Khorakiwala also plans to cash in on the demand for Monginis cakes for birthday parties. Says he: "We have expanded into birthday accessories."

Monginis had plans to revamp its product range and image as early as 1989, when the old name of Monginis Bakery was changed to Monginis Foods. The actual campaign, however, began only in July this year. And Khorakiwala says: "We have already started receiving a good response with overwhelming casual (other than birthday party orders) sales."

Monginis' annual turnover from its 58 outlets (spread over Bombay and its vicinity) currently stands at around Rs 7 crore. With the introduction of the new products, Khorakiwala expects this figure to zoom up to Rs 10 crore. He is also planning to open eight more outlets in the city.

But with competition in the upmarket snacks segment hotting up (the Ambassador group's Croissants etc has come up with a host of outlets), can Monginis taste the same kind of success it did with its cakes?

FUN CHIPS

It's been a comfortable cake-walk in the eastern chips-market for Bengal Agro Products' Fun Munch. With 60% of the branded chips market there already in the bag, the company has enough to crow about. But it's been no fun run in the rest of the country.

Rapidly launched in the three other metros (besides Calcutta) and some other cities over the past few months, the big daddies — Simba, Uncle Chipps' and Binnie's to name a few — have ensured it has been no fun and games for the eastern chips-maker. In Bombay, the brand has been swallowed by the non-branded chips market, estimated at 500 tonnes a month. And, in Delhi, the largest chips-consumer, Uncle Chipps' reigns supreme.

All this, however, doesn't mean that Fun Munch has had its chips. Opines Bengal Agro Products' Hemant Goenka: "We are confident of ruling the roost within the next two years."

Curiously, Goenka's launches were not preceded by any orchestrated advertising campaign. The retailer was encouraged to sell Fun Munch which, according to Goenka, drew buyers largely on its own. However, from 23 August, a 15-second Fun Munch commercial (agency Trikaya Grey) has been hitting the national TV hook-up. It is to be featured thrice a week on prime-time over five weeks. The reasoning is logical; the main potato chips season is between October and March and Goenka hopes to have his prospective buyers salivating well before time. A caricature character christened Fun Bone, quite akin to one of Don Martin's creations in *Mad* magazine, has been evolved to be identified with Fun Munch.

Though the market for branded potato chips is negligible compared to that for loose or non-branded chips, consumer awareness is rapidly filtering through. Avers Goenka: "The middle class has become extremely health-conscious and is discerning about edibles bought off the shelf."

With the branded chips market rapidly expanding, more and more players are relying on ad campaigns to pull off a caper. The now-famous "Humko Binnies Mangta" has been upstaged by "Sabko Chips Mangta," although no one's too sure about who's responsible for the latter line. Bengal Agro has made sure it won't be left behind in the ad race. It has already splurged over Rs 1 crore last year on advertising. Obviously, no ad crunch is being felt here.

Another player threatening to join the party is the Duncans group with Lite Bite. Will it have enough teeth to spoil the fun?



MINIATURE WARS

The Cibaca vs Binaca clash is gathering pace. Till now, it is Hindustan Ciba-Geigy which has struck the more telling blows. For instance, by kicking off the "Binaca is now Cibaca" campaign a couple of years ago, it squelched whatever plans Reckitt & Colman's marketers had for Binaca after the brandname landed in their laps. Then again sometime back it pre-empted Reckitt & Colman by giving away little animal charms with its Cibaca toothpaste. Ideally, the prerogative should have been Reckitt & Colman's as it was the charms which had helped Binaca weave its charms over an entire generation.

But that was not to be. Thus, when Binaca was launched in the eastern markets early this year, the kickoff was very low-profile. And reports indicated that the toothpaste was finding it hard working up any foam in the market and that Reckitt was wondering what it should do with the brand.

Now the company has fired its riposte. For a while, it has been offering Dennis the Menace pencils and erasers with Binaca toothpaste as geegaws. But sadly it has been providing the campaign with little ad support. Not that Hindustan Ciba is taking things lying down. It has further intensified its charms strategy at the retail level. Shopkeepers, in Bombay at least, are placing the toothpaste at places of maximum visibility. Now the only thing left to be seen is whether a cute kid or cute little creatures win out in this round.

A GENTLEMAN'S CHOICE?

Every man has several privileges. Now, a group of Bombay-based marketing professionals is offering him another. The team has launched a fashion and lifestyle magazine exclusively for men called *Privilege Man*, which they claim is "the Indian answer to *Esquire* and *GQ*." Says assistant editor K. Kalyana Raman: "No longer do men consider it effeminate to pamper themselves; they want to have their own expression. For instance, executives go to beauty parlours to get all primped and trimmed."



Targeted at the high-profile male on the move, *Privilege Man* has a cover price of Rs 20 per quarterly issue. "Our magazine is meant for light reading," says Raman. That it is meant for light reading is evident from the lack of depth and proper mix of the editorial. But there's been an attempt to gloss over it by resorting to snazzy printing on glossy paper.

The team is least perturbed by the cooldown that has hit the media business, especially specialist publications, and the fact that *Gentleman* and *GFQ* met with an ungentlemanly response. Raman, in fact, is cocksure that *Privilege Man* will cock a snook at all these lame triers. "*Gentleman* was launched too early; we've come in when the time is ripe," says he. "The market for fashion publications is a guesstimated Rs 5 crore. We expect to garner some Rs 50 lakh of that." He well may, given the sheer lack of an Indian alternative today.

HITTING THE RIGHT NOTE?

In the ongoing battle for supremacy in the audio product market between BPL and Philips, the former has come up with a new offering which could perhaps give it an edge over its rival. It comes in the form of a two-in-one stereo with a graphic equaliser and a 100 W PMPO output which incorporates the concept of extended bassurround for the first time in the country. The special circuitry and five speakers are claimed to give the listener the feeling that he is in a concert hall.

This model (CW111) will be shortly followed by several other sophisticated systems, including the M7033k, a stereo two-in-one with auto reverse, and M738, a double stereo radio cassette recorder with a surround system. The CW111 is a contemporary model from Sanyo's Premier collection. Certainly no music to Philips' ears.

CLEAN CAMPAIGN

The devil it is for whom the best lines are reserved. And the latest Onida ad for its new line of washing machines proves this to the hilt. A full-page ad in one of the Calcutta newspapers is conspicuous by its bareness; all it has is the slug "The Nation" at the top of the page, and the bottomline which reads: "Washed Clean by Onida." In between there's enough space to house more than one Arun Shourie editorial.

Says Avenues (the agency responsible; creative director Ashok Roy) media planning manager Shekhar Sharma: "Basically, we wanted to create an impact. It's a take-off on politicians and filmstars who are so famous for washing their dirty linen in public."

A few months ago, Nescafe had pioneered this tack by leaving the front page of one of the afternoon papers blank except for the headline "No News." Sharma is, however, quick to point out the difference: "The blank space has a purpose; it is to highlight the cleanliness factor."

But in times of an acute newsprint shortage, is such extravagance justified? "It doesn't make a difference; for all you know that page could have been filled with garbage," quips Sharma.

The agency plans to follow up on this ad with another series — this time with more of black than white. Stresses Sharma: "This ad was to catch the eye of the reader."

Avenues may have succeeded on that front. But at what cost? Of course, if that was revealed, wouldn't it be telling the truth and shaming the devil?

InformationWorld



INSIDE

- COMPUTER COS: EMPHASIS ON EXPORTS
- INTERVIEW: F.C. KOHLI
- GUEST COLUMN: VEER SAGAR

India's computer companies have to look beyond the country.

THE SOLE OPTION

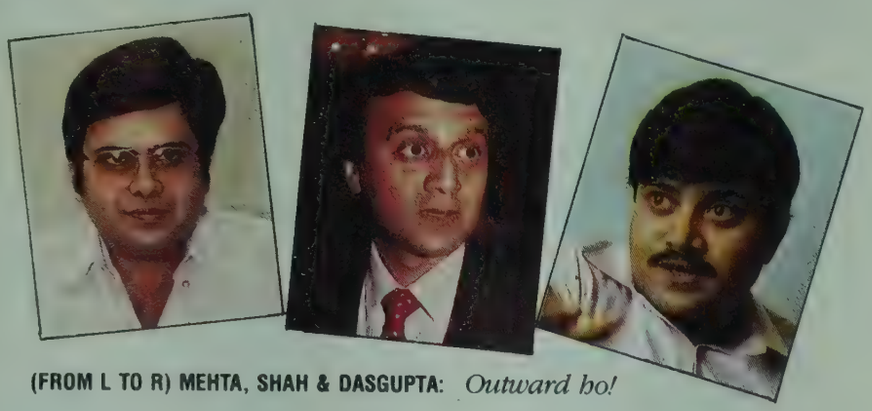
In a New York giant computer store, a customer, suited and booted, glides up to the counter and asks: "I'd like to buy a DCM personal computer... an i786-based machine, if possible. I hear those guys from India supply the finest machines in the business."

A couple of thousand miles away in London, the chief executive of ICI is sitting together with his executives mulling over who should be given the contract for computerising the company's new headquarters. After a night of brainstorming, they finally zero in on their top four choices: Pertech Computers Ltd (PCL), Wipro, IBM and HCL. Their explanation: "The Indian companies really push hard in our markets offering lower prices and quality."

Back home in the Santacruz Electronics Export Processing Zone, the scene is of bustling activity. Rajesh Iyengar of Infotech International is struggling to meet the demand for his latest-generation computers. It's just the third quarter of the financial year 2001 and he's already crossed his export targets of 10,000 machines and Rs 60 crore in software for the entire year. He looks outside his plush office window at his neighbour's sprawling plant; the familiar logo of Big Blue greets him. Nestling alongside IBM is the huge Indian base of Fujitsu; a little further down, Compaq's and Acer's... and so on. He then glances down at his table and smiles at the pile of export orders waiting to be implemented. "This year is going to be a great one," Iyengar mumbles to himself.

An Utopian dream? Given today's performance by Indian computer companies, definitely so. And a vision that may never see fulfilment. But there's no doubt that the time bomb is ticking away for India's computer companies. And the warning that's beeping loud and clear: gear up to make an export thrust... or go bust.

Says Manufacturers' Association of Information Technology's (Mait's) export division chairman Nalin Kohli: "The message from the government is that today you have to export to earn your foreign exchange." Adds Digital Equipment India Ltd (Deil) chief Mike Shah: "Given India's balance of payments position, Indian (computer) companies will perforce have to look outward to be able to survive."



(FROM L TO R) MEHTA, SHAH & DASGUPTA: *Outward ho!*

That will be a hard act to follow to the full for the yet-to-mature Indian computer industry, which has hitherto been largely inward-looking. Nonetheless, at least a few companies have picked up their field glasses and are scanning foreign shores for customers; besides, of course, going in for doses of reworking of corporate plans and organisational restructuring that will give them at least a chance in their battle to corner some space in the global marketplace. Among the changes that are visible:

An increased emphasis on software exports. If, till yesterday, the hardware companies had largely exported basic systems and boxes, today they are tripping over each other while getting in the queue for software exports. For example, last year (1990-91) in the top 15 software exporters' group, five of them — PSI-Bull, Deil, DCM Data Products (DCM DP), Hinditron and International Computers Indian Manufacture (ICIM) — were essentially hardware companies. And creditably, these companies contributed a not-too-insignificant 14% to the total software exports of Rs 225 crore.

Setting up overseas bases. A number of companies have set up outposts overseas, possibly in a bid to boost exports. This is a radical change from the days of having agents abroad to vend systems. Examples: HCL, PCL, DCM DP, ICIM and Deil, among others.

Building alliances with foreign majors. The most prominent of these is the HCL-Hewlett Packard (HCL-HP) deal earlier this year. PCL is known to be scouting for a foreign partner. Besides, there are the PCS Data Generals, PSI-Bulls, Deils et al. The benefits from these deals will obviously be an increased emphasis on quality and buyback arrangements of either software or hardware; this will, hopefully, lead to a chain reaction whereby Indian companies could be accepted in the international marketplace.

Targeting new destinations. While earlier, the main market for hardware was the USSR, Indian companies are now eyeing Western markets. Minor success stories were recounted last year by PCL, DCM DP, ICIM and Tandon (India).

These changes, however, don't mean that the Indian computer industry is about to emerge as an export machine. But they definitely underscore a fundamental shift in thinking by the industry and government. Says Hinditron chief Hemant Sonawala: "The government has realised that policies are needed that will make exports necessary; hence, on the face of it, the changes are geared in that direction. The results will depend on the implementation."

Very true. And industry is hopeful the government will play fair as it has been doing in recent times. The past year saw a phenomenally-close interaction between the powers-that-be and computer-makers. With depart-

ment of electronics secretary N. Vittal mollycoddling the industry through his close interaction with a hyper-active Mait and National Association of Software & Services Companies (Nasscom), all its needs were given an open ear. This was clearly reflected in the series of concessions and incentives announced in the past one year culminating in the budget and trade policies.

In fact, the dangling of carrots started early this year, when the value-addition norms for hardware export to hard currency areas were reduced from 25% to 15%. This was a long-felt need and should go a long way in making exports to the West more competitive. This was followed through with a host of gee-gaws in the budget. They include:

- Reduction in the customs duty on import of electronic components by 10%.
- Reduction in the customs duty for non-electronic components for peripherals manufacture from 117.8% to 107.4%.
- Customs duty on sub-assemblies for the manufacture of super-minis and mainframe computers reduced by 10%.
- Customs duty on import of spares for maintenance reduced by 12%.
- Additional concessions to 100% export-oriented units (EOUs).

Interestingly, along with the carrots from the finance minister, exports were sought to be prodded by the diktats from the commerce minister. In a far-reaching move, P. Chidambaram in his trade policy raised the exim scrip entitlement from 30% to 40%. That helped, but, as Sonawala says, "it could have been a bit higher, say 50%, and then gradually brought down." The current exim scrip premium of nearly 40% in the secondary market could drive several companies, who cannot export and get their scrips, up the wall. (Currently, industry experts opine that the import content in hardware is nearly 50-60%.) Such companies will simply be forced to export as much as they can and earn their forex for imports. Opines Kohli of Mait: "This move will automatically bring the costs down."

But there will be the inevitable shake-out; even the export push may not be sufficient for some companies' forex needs. Says Deil's Mike Shah: "Hardware-makers will have to buy scrips at a premium. There is no way they can fund their foreign exchange needs through export efforts." Says Sonawala: "In the long run, I predict that the screwdriver boys will simply vanish."

An option that hardware companies can consider is going in for software exports in a major way. Here, value-addition is pegged at between 50% and 60% — substantially higher than for hardware exports. The top guns in hardware have been quick to realise this and have joined the software export bandwagon. Among them are Deil, DCM DP, ICIM, HCL-HP, Hinditron, PCS Data General and PCL.

Opines Nasscom's executive director Dewang Mehta: "There is a definite edge in exporting software rather than hardware." Adds Mike Shah: "With prices crashing, margins wafer-thin and hardware looking like a battlefield, one way out is software." All the majors are currently drawing up plans for a major export push. The grapevine in the capital has it that the Delhi-based PCL will shortly be setting up a 100% EOU for software exports. Wipro Infotech is planning to move into offshore development of software next year. ICIM has formed a separate division for software exports based in the US. Hinditron's vehicle is its subsidiary River Valley Software. And, interestingly, Deil is looking at a balanced portfolio: 50% from domestic hardware sales and the rest from services, and software exports.

The hardware boys are facing danger on another front also: the loss of the USSR market, thanks to the uncertainties there and in the rupee-rouble trade agreement. In a clear shift, the government is showing its preference for hardware exports to general currency areas (GCAs). One major disincentive for exports to the rupee payment areas (RPAs) is the high value-addition norm of 233% pegged by the government. Rues Cals Systems managing director Sarvesh Goorha: "The government is virtually telling us to stop exports (of computers) to the USSR." Adds Kohli: "Today there is an operating advantage in exports to the GCAs." Mait also seems to have realised this. Towards that objective, next month an eight-member high-profile team including HCL's Shiv Nadar, Nalin Kohli, Ashok Jain (of ICIM) and others will be touring Western countries in a major promotional effort. The desired aim is to up hardware exports to Rs 1,000 crore in two years. "In the new scenario," says Sonawala, "Indian companies can export at cost or a loss to penetrate the market. They can make up their margins by selling the exim scrips at a premium in the secondary market." Among the first off the block is PCL, which is already gearing up to treble exports from Rs 10 crore to Rs 30 crore in the coming year. For PCL director Bikram Dasgupta, that is his way to maintain the dazzling growth rates his company has been totting up in the past.

For others, the alliances and financial tieups with foreign multinationals (MNCs) that they've built up will come handy as the MNCs increasingly see their midget partners as a source for software imports. Says Deil's Shah: "We are hoping to get 10% of DEC Japan's software contracts. It will mean a sum of around Rs 52 crore over time for us." Says Nasscom's Mehta: "Fortunately, today, India has built a credible reputation in this field."



KOHLI (L) & GOORHA: *RPA exports are unattractive*

The hardware industry thus has its future spelt out. With the growth rate dropping to 26% from the previous year's 44% and the domestic market slowing down, stronger operations overseas will have to be the area that will provide sustenance. However, competing in the highly-cutthroat Western market is not going to be easy. For India's growing band of export and outward ho computer companies, the acid test is yet to come. But clearly, they have started making the initial moves.

□ George Skaria



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"HOME MARKET COMES FIRST"

Faqir C. Kohli is quite used to being the toast of the Indian software industry. With a cupboard-full of awards and more accolades than he cares to remember, the director-in-charge of Tata Consultancy Services (TCS) is, understandably, indifferent to fresh kudos. When TCS became the country's first software house to top Rs 100 crore in revenues last year, Kohli didn't go about blowing his own trumpet (this, in an industry where self-praise is de rigeur); instead, he quietly went to work on plans for the company's future.

Kohli discussed some of these plans with BusinessWorld *in an exclusive interview. Excerpts:*

■ On TCS' future.

Things change so fast in this industry, it's difficult — even dangerous — to plan for more than 18-24 months ahead. But we have a fair idea where technology is headed, where it will be two years down the line and what skills will be required. We're looking at object-oriented programming, artificial intelligence, new database technology and computer-aided software engineering (Case) tools, among others. We will be focusing our efforts on these areas.

We've also forged good links with universities and research institutions abroad; that's the best way of finding out what directions technology is taking.

Overall, I think TCS will be able to maintain a 30% growth rate. Of course, that will depend on how many good people we can hire and train. You must remember that this is a labour-intensive business.

■ On his plans for software products.

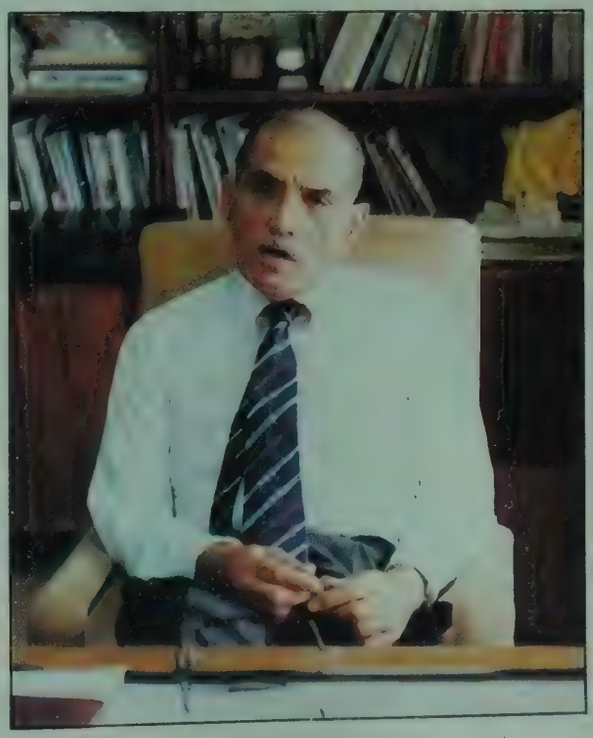
There's no doubt that a good product can be a money-spinner, but developing and marketing such a product isn't easy. All the same, we did gain a lot of experience from MasterKey, which we launched a few years back. So we do have some insights vis-a-vis what is required for product-selling. These will come handy when we launch EX.

I'm also looking at the prospect of selling products abroad. Of course, we'll have to start by identifying a niche; there's no point coming out with an ordinary accounting package when there are 3,000-odd such products in the market. Whatever we do will have to be different from the rest. EX, I believe, has some features that makes it unique.

In the long term, we'll have to think in terms of developing products abroad and modifying them to suit the needs of different countries. And we'll have to sell them by ourselves. If we don't try, we'll never learn how to.

■ On customised software projects.

Having said that products have potential, I must add that projects will be the backbone of our business for at least the next 10 years. Large, complex



jobs, which can't be done using packages, will be our bread and butter. And the market trend is towards such jobs.

■ On TCS' domestic operations.

People talk about our export performance. I agree we've done well. But, let me tell you, our first priority is the home market. Exports are, for us, a means of gaining experience and earning money to import hardware; but we're not obsessed with foreign exchange.

And when our boys go out to work on foreign projects, we're not exporting skills. On the contrary, we're giving our people a chance to learn. They come back with knowledge that is put to use in India.

Look at it this way: in 1990-91, we devoted 1,600 man-years on work for the domestic market. As opposed to that, we did only 800 man-years for foreign jobs. That should give an idea about our commitment to India.

■ On rumours of TCS' foray into education.

It's true that we are looking at education seriously. And why not? We know more about high-level training than anybody else in India. We train our own people, don't we? We're even training trainers in Bombay!

We have the expertise, alright. And I don't rule out chances of commercialising this. But there are some problems...

For a start, we're not clear about what level we'll operate at. We're certainly not going to compete with the schools that are in the business. We'll probably look into higher levels.

But not immediately. Our internal needs are much too great right now; we can't divert our expertise out of the company at the cost of diluting in-house training. That, you understand, would be suicidal.

So you can say we've put our plans for education in abeyance for at least two years.

■ On computer-based-training (CBT) products.

We already have a group that's working on CBT. But there's a problem here too. We'll need more participation from educationists and that has not been forthcoming so far.

Personally, I believe there's a great future for CBT — even within the present education system. For example, I find children these days take a lot of tuitions. I think we can develop CBT packages to substitute these tuitions. We'll be looking at these prospects; give us another year or so.

GETTING MORE OUT OF YOUR PC

Nobody's come out with a comprehensive survey on computer usage as yet. Still, we'll stick our necks out to wager that 80% of those who've got PCs in their offices don't venture beyond simple word-processing. Most of the rest dabble in elementary spreadsheets and databases. We'll bet, too, that 90% of the PCs that sit atop executives' tables across the country are in actual use for less than 10 hours an average work-week — unless, of course, you count the time spent on Pacman and assorted computer games!

Computers frighten people. We won't go into the reasons here; there are far too many. Today's professionals have learned to live with PCs, but only to the extent that the sleek machines form part of the office decor. The typical executive is still a long way from accepting his PC as a tool that can increase his productivity. Physically, he may be only inches away from his machine, but the distance between them is unfathomable.

PC Primer represents our attempt at bridging that gap. We're convinced that Indian industry won't come up to international standards until its executives begin to exploit their PCs to full capacity. So we'll tell you how to go about it, step by step. But before that, the first few articles in this series will deal with general PC-related matters that we feel you should look into.

Our experts will be happy to answer any questions/doubts that bother you, so feel free to write in.

Everyone who uses a personal computer likes to believe that he has automated his work. In reality, most of us underestimate both the power of the PC and the scope of the word "automation."

Simply put, automation is all about solutions; getting the PC to solve your problems, enhance your productivity, sharpen your efficiency. And you cannot achieve all this merely by running some standard software packages on your machine.

Making a PC "perform" solutions is an expert's job. Unfortunately, there are very few good office automation consultants around. We are left to grapple with computer companies, communications companies, software consultants and a whole horde of other such people to find solutions — and, often enough, get nothing at all.

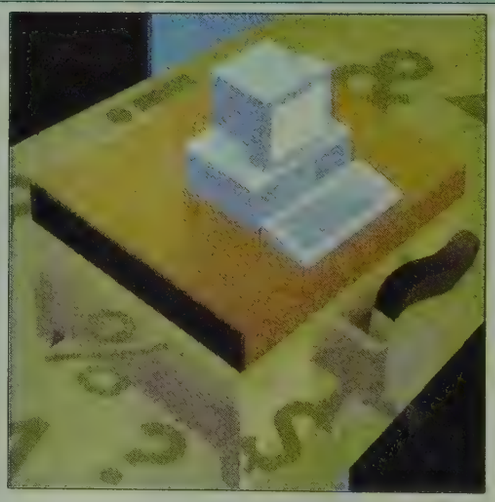
I won't talk about data processing here. Instead, we'll discuss what we can do with our PCs and how we can automate work to become more efficient office-beings.

As has been discussed earlier, we normally use some form of word-processing for text creation, correspondence and document creation; spreadsheets to perform a large number of calculations; and databases to extract information for specific conditions.

Those of us who are a little more comfortable with these applications soon start realising the limitation of these packages. In which case, we also start using some graphic software packages which give us flexibility in sizes and style of printing and help us generate graphs for presentation and analysis.

Before we go further, let us take a look at a case study. It deals with a common scenario — a branch office of a company has to present a monthly business report to its headquarters.

On the first of every month, a junior manager meets his staff to take stock of sales and collections. In an environment that is automated, sales people maintain client databases. They analyse these databases and produce the relevant figures. These are then compared with targets fixed the previous month. The reasons for shortfalls are stated, action plans are formulated and fresh targets are fixed.



The junior manager then produces a consolidated report for the branch manager, incorporating tables and graphs which provide a quick analysis of business. The branch manager checks the status of the reports for a business review meeting and, depending on his subordinates' schedules, fixes a date and time for the meeting. He then dictates a memo which his secretary types out and makes sufficient copies. These memos are distributed by the despatch person and the people concerned make a note of it in their diaries.

The meeting takes place. The branch manager then consolidates all the information from the different centres he oversees, produces his report for the head office and sets targets for his people. He also fixes further meetings to review performances and to formulate plans during the course of the month. These reports are then mailed to the head office. Currently, in 'automated' offices, the text portion of the report is generated using a word-processor and the data is analysed using a database management system (DBMS). This data is fed into a software that generates graphs. A table of information is generated using a report form that is available in the DBMS and the graphs are separately generated from a graphic package. All these are put together manually and the rest of this process is completed using the usual office systems.

Now, what are these office systems? Can we automate them? Would it make sense to automate them and how do we go about it? Can we use applications that have already been computerised even more efficiently?

Let's first look at these functions. They include creating documents that integrate information from various sources; using text and graphics to make a document more expressive; creating these documents in ways that are suitable to the medium of presentation (printed matter in a folder, acetates and slides, among others);

checking for availability of various personnel involved; fixing appointments and meetings; maintaining diaries which register these appointments; maintaining a ready reckoner that highlights deadlines and critical activities; and searching for all information available at the office on a particular subject. In addition, we also chase progress of actions planned with our colleagues and send reminders; fill in telex slips; type out telex messages; file communications and reports; get information from files maintained by other departments and maintain personal files.

Sounds like a lot of work, doesn't it? Now look at how much of this load you can transfer to your machine:

(i) We've already seen how much you can do with stand-alone, standard packages like word-processors, databases and spreadsheets.

(ii) Surprisingly enough, a lot of people don't know of packages that automate such mundane jobs as listing appointments, marking out deadlines and the like. Many of these packages enable your PC to "remind" you about your daily programme — the sort of thing you depend on your secretary to do.

You can now buy separate planning packages that highlight the status of actions planned, progress of action and backlogs. These are highlighted at the right time for executives to take corrective action.

(iii) Most people depend entirely on spreadsheet packages for their graphics needs. There are separate packages available, capable of creating or converting text into different sizes and typefaces (fonts). Some of these accept text from standard word-processing packages. There are also business graphics packages which accept data from standard data analysis packages.

(iv) You can now afford to do away with the traditional telex machines. Anyone who is used to cutting a tape for a long message on the traditional telex machine needs no explanation on the need to computerise the function. Just the addition of a telex interface unit and the required software will convert your PC to function as a telex machine, in addition to retaining its normal capabilities. The same is true for a fax facility.

And, mind you, these are only a few examples; there's a lot more you can do with stand-alone packages. Think of how much time you could save in the process, and how much more productive you could become.



In our minds, we perceive most of our office work as part of one continuum. But the software packages we normally use force us to see these as delineated activities. Fortunately, there are packages which integrate all our office functions. This enables us to make the machine work along the lines in which we think. We shall review some of these packages at length later in this forum.

Even integrated systems, effective as they are, do little to encourage team work. The integrated stand-alone packages do a lot to encourage individual efficiency. But not all of us work in isolation within an organisational framework. There are two problems addressed by organisation-wide integrated systems — communication and resource-sharing.

■ **Communication:** With stand-alone systems, we can keep a track of appointments and deadlines more efficiently; generate comprehensive information from these standard packages more efficiently; and also communicate through telex and fax more efficiently. But we would still depend on manual systems to schedule meetings, communicate deadlines, gather information and provide comprehensive pictures. This is where the utility of a networked system comes in. A networked system simply means many machines connected to each other, with information access allowed across the network, with due consideration to confidentiality. For example, you may be allowed to fix an appointment with your president if he is free at 3.00 pm tomorrow afternoon, but you may not be allowed to see what he is doing at 3.00 pm if he is not free.

■ **Resource Sharing:** Facilities like the telex and fax are shared resources in all offices. Therefore, these can't be linked to just one system. If these are to be shared, the machines which need access to these facilities must be interlinked. Output devices — particularly the more expensive ones, like laser printers — would probably be underutilised if they were attached to a single PC. It takes a network to put them to optimum use.

□ S. Prabhakar
The author is a senior planner at Ogilvy & Mather.

THE LEXICON

A glossary of infotech acronyms, words and phrases that go over the heads of everybody outside — and quite a few inside — the world of computers.

Pixels: Dots of equal sizes that make up the display on a computer monitor. The screen that uses the most pixels provides the most true-to-life pictures.

Pallet: Choice of colours and shades, formed by a combination of red, green and blue.

Monitors	Resolution in Pixels
CGA (colour graphics adapter)	
Used with monochrome monitor	640 X 200
With colour monitor	320 X 200
HRG (Hercules graphics)	720 X 348
EGA (enhanced graphics adapter)	640 X 348
VGA (vector graphics adapter)	
Mode-1	640 X 480
Mode-2	800 X 768
Mode-3	1024 X 768

A CGA monitor can simultaneously display three colours/shades from a pallet of 16. An EGA screen can display 16 colours/shades from a pallet of 4,096. A VGA monitor can display up to 256 colours/shades from a pallet of 1.67 million.



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HARDWARE EXPORT AVENUES



To generate exports, computer outfits should aim for the non-standard and grab niches. Motherboards is an example

There is a school of thought that says India should not think about exporting hardware; that we should limit ourselves to software. Its advocates point out that the few major Indian companies that have tried their hands at hardware exports have burnt their fingers, in the process, losing both money and reputation. Most of them have had to fall back on software exports to rescue their bottomlines.

There is some logic in this argument. As I have said before in this series, software exports hold a lot of promise for India. In the long term, that is where we should put our money.

But it is also true that the growth of software revenue has been — and will be, as far as I can tell — slow. The software industry is driven by manpower; and companies spend a lot of their time looking for, recruiting and training people. Even large organisations cannot induct more than a certain number every year. Hence, the number of trained personnel coming into the export stream can show only a gradual increase.

On the other hand, in the case of hardware, capacities and technologies can be added quickly to give a quantum jump in production. With an investment of, say, $2 million, a company may be able to expand its production capacity to show an increase of around $50 million in turnover per annum. A software house will take a lot more time to achieve such an increase.

One of the major reasons why hardware companies don't think in terms of exports is the comparatively small potential profit margins (approximately 10%, as opposed to 50% in software). To do well, any company that wants to get into exports must be capable of shipping out large volumes. Small players don't stand much of a chance, but medium- and large-scale manufacturers do, at least in theory.

But there are some hurdles. To start with, there are the old bugbears — our inability to meet quality standards and delivery schedules. A part of the quality problem is inherent in the "anything-goes" philosophy that marks our work culture. We tend to overlook small problems and little things like scratches, dust, finish, packaging and documentation.

Meeting delivery schedules is next to impossible under the present rules of advance licences and letters of credit operation. The new policy calls for a waiting period ranging from 15-45 days before an advance licence is issued.

Now, let's be optimistic and say that an advance licence will come in 30 days. That effectively means I can deliver my goods 90 days after I've received the order. Why on earth should my customer wait that long when he can get the same machines within a fortnight from Taiwan and Korea?

Earlier in this series, we looked at the special advantages that make India a potential world leader in software. It is now necessary to look at what makes India a prospective hardware exporter.

First, let us consider our strengths and the strategic advantages we offer that can encourage foreign manufacturers to use India as a production base and make buyers look to this country as a hardware source. Taiwan, Korea and Hongkong have streamlined, automated factories that can produce millions of pieces of equipment of acceptable quality. Investing in production technology is expensive, true, but I believe India has the money it takes. What we need is the courage to spend it.

Let us not live under the illusion that multinational corporations (MNCs) will set up shop in this country simply because they can get cheap labour here. I agree that wages are low and so, therefore, are per-hour costs of production. But what about per-product costs? The productivity of the average Indian factory worker is well below that of his counterpart in south-Asian countries. And the production technology at our disposal is substantially inferior. At the end of the day, the labour cost in the typical Taiwanese or Korean company amounts to 3-4% of its production costs. I do not know of any Indian manufacturer whose labour cost is lower than this.

Once we accept that labour costs, on their own, don't give us much of an advantage, we need to identify our "core competence" and then go about exploiting it. As I see it, we can capitalise on our flexibility. Since our production processes are not automated, it should take our companies a lot less time to set up capacities for new product lines. We haven't invested heavily in production technology, so we don't have much to lose. We can also afford to tackle small production volumes, the sort large companies would consider uneconomical.

This enables us to aim for the non-standard. If the big MNCs are churning out 8 MB motherboards — since that is what most buyers want — we can concentrate on 16 MB motherboards for the smaller percentage of buyers. That will mean smaller volumes, but greater profit margins. And we can use the designing skills available in India to add value.

At DCM, we produced an 8 MB 386-SX board when the common standard was 2 MB. There was a small percentage that was using 8 MB by buying an additional board. We com-

bined both these boards and produced a single unit. In the process, we were able to introduce our products in the US market and establish a reference base for future sales.

There are a lot of things you should be prepared for if you're considering the board market. For one, this is a high-volume, low-margin and regular-flow business. It is a highly-volatile market; prices fluctuate almost daily. Hence, to be a serious player, response times have to be small and decision reflexes have to be very agile. If not, you end up with dead stock.

The channels are also fairly easy to identify. There are thousands of Vars (value-added resellers) and small manufacturers in almost every state. Participate in any exhibition, and you'll get a lot of leads. Also, study reports of company performances in the various foreign magazines. There is tremendous competition today. Quite a few PC manufacturers are facing a profit squeeze and are laying off staff. Chances are, they're ready to contract out production.

Board sales don't normally encounter too much redtape or problems of transit damage. Simple, functional packaging (like antistatic, for example) is sufficient. As long as the boards look good and perform well and the prices are competitive, this is a very good market. But, as I have indicated before, you may find it hard to meet deadlines and delivery schedules.

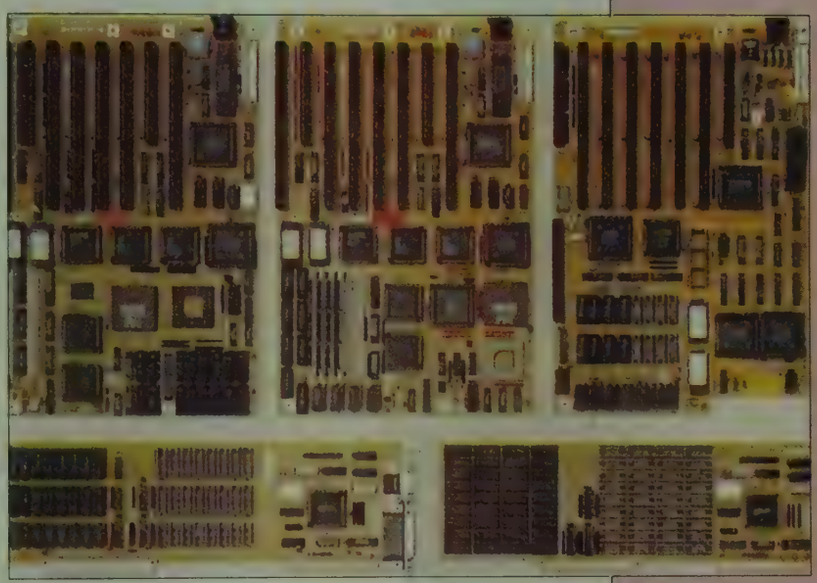
The other option is to appoint foreign dealers. There are quite a few export marketing companies (EMCs) in the business. A word of advice: find a channel first and then create the product to send down the channel — not vice-versa, as is often the case.

Margin-wise, it's much more lucrative to supply full systems. The market is less volatile. But the problem is finding good channels. Indian products will inevitably come under the "non brands" category and will be burdened with the "Made in India" disqualification. So what you need is a marketing channel so strong that its image and clout rub off on your products.

This is a difficult proposition. But, again, you'll find leads at exhibitions and in magazines. Of course, the hit ratio here is a lot less attractive than in the case of Vars; you'd be lucky to strike one deal in 25 tries. At the same time, the business volume is likely to be large and delivery schedules will be spread over a more comfortable period. If you try hard enough, you may even become an OEM supplier.

The problems here are that you'll have to face some amount of redtape. And this is one market where your product's aesthetic appearance is almost as important as its performance. Moreover, there are all the hassles of freight, packaging and clearance at the other end.

The most profitable segment of the market, both in terms of margins and stability of price, is turnkey projects. Here, you supply the full hardware, software and, if possible, take care of installation, training and support. One advantage we may enjoy here comes from the fact that our software skills are proven. As long as our interface with the customer is good, the "Made In India" tag is not a hindrance. In fact, this actually allows the brandname to be established.



Finding customers for turnkey jobs is the hardest part of this business. Sometimes, you develop an idea and look for a possible customer who can use it or find a buyer through agents or distributors and then design the total turnkey project for him. And, believe me, that is a thousand times harder than it sounds.

Nonetheless, this is a market we should keep looking out for while doing business in boards or full systems. This is an area where we have inherent strengths. The "niche market" for turnkey development has to be related to our core strengths. A good mapping of these strengths with the target market requirements will give us a tremendous competitive edge.

How can New Delhi help the industry achieve all this ? For a start, it can make its machinery more responsive. The department of electronics should have an export cell, with the mandate to increase the export of computer hardware/software. It should be manned by persons with commercial understanding. This cell should then be a single window for all advance licences, Reserve Bank clearances and any other export related matter. The exporter should not have to worry or spend time in chasing the administrative system. He should concentrate on the things he does best; that is get export business.

The department of electronics should set up a single window cell whose mandate should be to increase computer exports

□ **Veer Sagar**
The author is chief executive of DCM Data Products.

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A software package helps detect breast cancer.

PLAYING DOCTOR

Indian doctors have been slow in using information technology to enhance diagnostic techniques, but nobody can accuse the industry of not trying to help. The latest attempt comes from Mishanti Engineers, a Calcutta-based firm that has developed Can-Scan, a package for early detection of breast cancer.

The package enables the user to find out just how prone she is to the disease, without her having to see a doctor. Says Mishanti managing director N. Roy: "It is essentially a user-friendly program which evaluates the perceived risk of the individual."

The company developed the package over a period of one year, in technical collaboration with Britain's Microel Electronic Application Research Institute. Can-Scan has five sections. The first three cover the risk factor — statistical, diagnostic and cumulative. The user is asked a series of questions and is made to go through a self-examination process that is demonstrated by graphics. The other two segments, a tutorial and a "myth-buster," seek to create greater awareness about breast cancer.



■ ROY: *Admirable show*

Considerable interest. At Rs 15,000 apiece, Can-Scan isn't cheap; and it isn't a substitute to mammography, either. But, as Roy emphasises: "Breast cancer is curable if detected early — and this package provides the means of doing so."

Roy says the package has generated considerable interest within medical institutions, in India and abroad. He has received enquiries from London's St George's Hospital and the Hieldelburg Cancer Research Institute. One package has been installed at the Calcutta Medical Centre, where it has been performing "admirably." That should prove it can scan.

A computer retail chain is selling used PCs.

A SCUD FROM SOURCE-ONE

Satish Kini couldn't have chosen a worse time to air his ambitions. Speaking to *BusinessWorld* in July 1990, the managing director of start-up computer retail outfit Source-One Office Automation confidently announced that he would post sales of "eight or ten crore" by the end of his first year in business.

Things began to go wrong the very next month. Saddam Hussein annexed Kuwait, oil prices went through the roof, the Indian economy floundered, and political instability crippled New Delhi. The public sector postponed, indefinitely, all purchase decisions. The private sector tightened its belt. And computer sales, as a consequence, stagnated.

At the end of its first year, Source-One (a subsidiary of Trade Wings, the travel agency) showed a turnover of Rs 3.5 crore — creditable, given the circumstances, but nowhere near the managing director's targets.

Not wasting tears. The industry's projections for 1991-92 aren't rosy. The battle for turnover and marketshare is getting fiercer. But Kini isn't wasting any tears. Instead, he's beefing up his own firepower. And his newest weapon is called the Scud — appropriate, considering that it was the Iraqi dictator who set off the chain of events leading to Kini's embarrassment.

Scud, or "Source used-equipment databank", is just a fancy name for an old business practice. Translated, it means Source-One will help computer-owners sell their old machines. Second-hand computers? Why not? Says Kini: "This isn't America... here, people buy old cars, old TVs... they'll buy computers, too."

■ KINI: *Second-hand match-maker*



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Kini sees himself as some sort of a match-maker, bringing sellers and buyers together. He will also take the responsibility of ensuring that the machines are in good condition. Source-One will also undertake maintenance. And he's confident that Scud will be bang on target. "If a customer can buy a good, well-maintained PC for Rs 18-20,000 — when a new one could cost as much as Rs 40,000 — why won't he buy the second-hand machine?" The logic is supported by this statistic: a small classified ad in a Bombay daily fetched the company enquiries from more than 40 sources.

Scud will be launched in October and should have a healthy impact on Source-One's bottomline. In due course, Kini hopes to extend the second-hand concept to household durables — washing machines, for instance.

Extremely cautious. Kini also plans to spread his wings wider and will be opening his eighth branch, in Bangalore shortly. He already has offices in Pune, Baroda, Calcutta, Madras, Delhi and Hyderabad, in addition to the headquarters in Bombay; but he's not too happy with the performance of some centres. "Trouble is, you don't get good people...I'm very fussy about the kind of people I hire," says Kini. He's also extremely cautious about sales predictions. Understandably, he's keeping his target for 1991-92 low, at Rs 6 crore. That shouldn't be too hard to reach; if prices of factory-fresh computers continue to rise at the rate seen over the past nine months, the demand for second-hand machines is bound to increase.

And, unlike the original, this Scud has no Patriots in its way.

Computerisation needs an open approach.

SELLING A CONCEPT

Computer companies overseas have been chanting the "open systems" mantra for quite a while now. But in India the concept is quite alien. In a bid to clear some of the haze, Digital Equipment Corp's Hongkong-based regional marketing manager Christopher West made a flash visit to Delhi recently. And corporate bigwigs came in droves to hear the 'open guru' speak.

Says West: "The message is clear. We hear you calling for open systems, systems that provide complete portability of applications and data with flexibility and the ability to integrate all the hardware and software you have got."

But what exactly is an open system? A shaving blade and razor combination is the common man's example of an open system. The slot on the blade can fit in exactly with the razor, irrespective of the blade or razor manufacturer. The key element is the common interface — the link between the blade and the razor. Without all manufacturers agreeing on a standard interface, no combination of blades and razors would truly match.

Numerous benefits. The same concept can be extended to computers. And the benefits can be numerous. Says West: "An open system is like a magic wand. There



WEST: *Open guru*

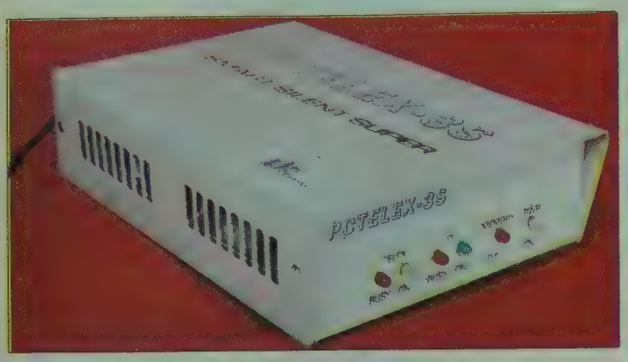
are enormous possibilities." First, it allows users to preserve their investments in software: applications need to be written only once. Also, it allows users to link systems from different manufacturers in a single network. Further, users can add machines onto the network at any time and reap the fruits of technological upgradation. Opines West: "In the history of computing, this is unprecedented. It is fast becoming a movement like office automation and electronic mail."

With all these advantages, why is the concept slow in catching on in India? Mainly because India is still largely Unix country. Also, the computing needs — even of large corporations — have not reached a degree of sophistication and maturity. Most importantly, corporate users have not started looking at the vast benefits of open system computerisation to a company's financial bottomline. According to West, the cost-benefit ratio for big companies will not be a minuscule 1:2 but could go as high as 1:50.

In the Indian context, a few vendors like PCL and Deil have just seriously started talking about open systems. According to West, it's a step in the right direction. Says he: "It will give Indian corporations the competitive edge to tackle the unknowns of tomorrow." And in the coming cutthroat environment of the future, that edge will make all the difference.

LAUNCHES

■ Bombay-based Universal Information Communication Equipment (**UICE**) has launched the PC Telex-3s



— a telex interface for PCs. The device, which has been approved by the P&T department, allows an IBM-compatible PC-XT/AT to act as a telex machine, even as it performs the usual computing tasks. It integrates such advanced features as multiple transmissions, future delivery, auto-retry and instant retrieval of incoming messages, along with the ability to record data of all activities.

It works independently, receiving and transmitting messages even when the computer is switched off. It comes with an in-built battery backup system that allows non-stop operation for 12 hours in the event of power failure. **Contact:** Universal Information Communication Equipment, II Floor, Anuradha Industrial Premises, Bharat Velvet Compound, Safed Pool, Bombay 400 072. Tel: 5126374/ 5134158.

■ The National Institute of Information Technology (**NIIT**) has developed a number of short-duration, specialised courses for senior managers, financial professionals, executives, secretaries and banking professionals.

The courses, designed by the company's R&D team, are aimed at those who want to optimise the use of PCs at work and, therefore, increase their productivity. The courses have been structured to enable the participants apply what they learn in their day-to-day operations. **Contact:** Your nearest NIIT centre.

HAPPENINGS

■ **Satyam Computers** is setting up a 100% export-oriented software technology park in Hyderabad, complete with state-of-the-art systems and a 2 MBps capacity IBS earth station for high-speed satellite communication links with overseas clients.

Initially, the company will use these facilities to execute orders worth nearly $ 1 million from John Deere of the US, the world's largest manufacturer of farm equipment. The earth station will allow Satyam's engineers in Hyderabad access to John Deere's mainframe platforms in the US. The satellite link can provide over 1,000 engineers access to a number of different clients' computers, simultaneously.

The software park project is being set up with a capital outlay of Rs 15.9 crore, to be financed entirely by equity. Satyam is also planning to set up marketing offices in Europe and the US.

■ The Bureau of Information Technology Studies (**Bits**) has extended its expertise in education to the field of management, by affiliating with the Institute of Marketing & Management (**IMM**), Delhi.

Says Bits president Pradeep Khanna: "Management education is a natural extension for students pursuing computer training programmes. In order to design efficient business systems, they should be equipped with management concepts." Bits will offer post-graduate diploma courses in business management.

IMM, a non-profit organisation, is patronised by government departments, banks, insurance companies, private and public sector companies, educational institutions, cooperatives and statutory bodies. Its programmes are recognised and affiliated to the International Accreditation Commission and the Canadian School of Management.

TIEUPS

■ **Lan Eseda Software Systems** has been appointed an exclusive agent for anti-viral programs developed by McAfee Associates of the US. Under the terms of a recent agreement, Lan Eseda will market McAfee's popular Scan, Clean, Vshield and NetScan viral vaccines in India.

The Bombay-based company will award "members" and corporate clients with site licences for the vaccines they buy. It will also provide free product updates.

McAfee Associates, one of the pioneers in R&D of anti-viral programs, has a worldwide network of 200-odd associate researchers who act as lookouts for new viruses. This enables the company to bring out vaccines (usually in the form of updates) almost as quickly as hackers can create viruses. **Contact:** Lan Eseda Software Systems, PBP, 104 Maker Chamber III, 10th floor, Nariman Point, Bombay 400 021. Tel: 244845/95/32, 2041928.

EVENTS

■ **El-Tel Expo '91,** an international exhibition and seminar on electronics and telecommunications will be held in Hyderabad from 23-27 October. More than 1,000 delegates — representing manufacturers, exporters, importers and dealers, among others — are expected to participate.

The organisers have invited around 100 eminent personalities to make presentations at the seminar, which will cover various aspects of the electronics and telecom industry, including policies, perspectives and recent technological developments.

A delegation of select participants will visit Germany and the US to explore opportunities for trade and technical/financial collaboration. Representatives of several foreign companies, organisations and governments will participate in the expo and hold "one to one" meetings with Indian delegates. **Contact:** Convenor, El-Tel Expo '91, Network Consultancy Services, PB No 1065, Hyderabad 500 029. Tel: 237315/235312. Telex: 0425-6075 MCA IN.

John Sculley may boast that **Apple** is shipping more Macs this year, thanks to his new low-cost models. However, these machines give the company very slim profit margins — as borne out by Apple's shrinking bottomline. Small wonder then, that Sculley is now ready to follow the industry trend and cut personnel.

The debonair chief executive says he wants to "restructure" parts of the company — that is, cut its workforce by 10% — over the next 12 months to reduce operating expenses.

The Japanese microprocessor market has largely been closed to foreign companies. But after a recent trade agreement with the US, aimed at boosting foreign semiconductor sales, the mandarins in Tokyo are no longer allergic to American chip-makers.

And **Texas Instruments** is all set to cash in on this new spirit of friendship. It is negotiating with three leading Japanese electronics giants — **Sony, Fujitsu** and **Hitachi** — to develop semiconductors for high-definition TVs (HDTVs).

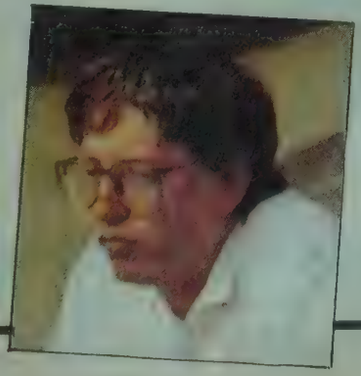
The agreement, if it comes about, won't guarantee the Dallas-based company any immediate payoff as the HDTV market in Japan is only just picking up. Nevertheless, the move is significant as it marks a US maker's entry at the early stages of development in one of the world's largest consumer-electronics markets.

As the personal computer (PC) celebrated its tenth birthday last month, two whiz-kids, who contributed greatly to making the smart-box what it is today, got together to discuss its future. Apple Computer co-founder **Steven P. Jobs** and Microsoft co-founder **William H. Gates** agreed that the nineties would witness the emergence of "razzle-dazzle technology" — computers that can read handwriting and others that can display and edit video magazines.

Users, they predict, will have a wider array of choices in a market that has long been dominated by IBM PC clones and Apple's Macintosh. Jobs and Gates believe (or should we say fear?) that the decade under way will see the Japanese juggernaut emerging a force to be reckoned with. They already dominate the market for portable PCs (laptops and notebooks) and are component suppliers to Silicon Valley; but, in the nineties, the Japanese will also take the lead in technology, staking out whole new markets with novel devices.

JOBS (L) & GATES: *PC predictions*





IBM researchers have broken through with what could be called, "the trick of the switch." Big Blue has demonstrated a tiny switch that depends on the motion of a single atom, thus making it the smallest device in existence.

This new **"atom switch"** raises the possibility that complete electronic circuits might, someday, be built with parts that measure only an atom or a molecule across. Circuitry in today's best computer chips is measured in microns (millionths of a meter) — that's at least 1,000 times coarser than atomic-scale devices which would be measured in nanometers (billionths of a meter).

They're called the **do-it-yourself chips**. Field progammable logic devices are today's hottest products in the semiconductor business.

Instead of waiting for a chip to come back from the factory (which can take weeks), engineers can now produce chips in their offices or labs in a few minutes and try them out. And if they don't work, the design can be quickly changed. The two San Jose (US) companies that lead in the business — Xilinx Inc and Altera Corp — have managed to weather the ongoing recession and hope to go beyond the $100 million sales mark this year. And competition is hotting up with Motorola also planning to join the party.

It's ready and willing at last. On 3 September, **Lotus Development Corp** began shipping the long-awaited version of its 1-2-3 software adapted for use with **Microsoft's** Windows program.

According to Lotus chairman Jim P. Manzi, the product will have a "substantial" revenue impact in the current quarter. Analysts, however, don't believe the new 1-2-3 version will affect their estimates of Lotus' revenue — not drastically, not yet.



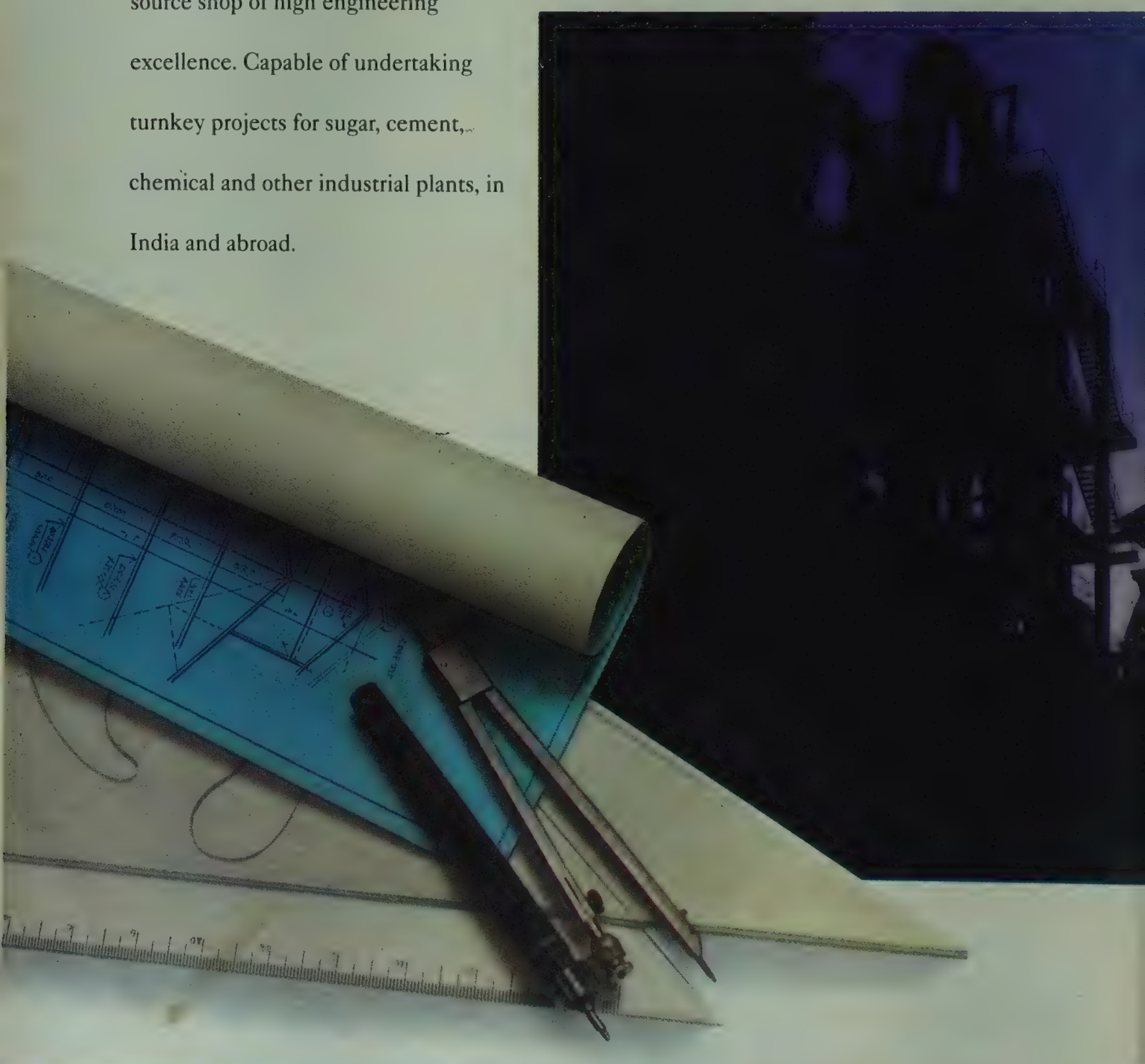
MANZI: *Banking on the new 1-2-3*

Everybody's been eagerly awaiting **Apple Computer's** notebook-sized computers and the updated version of the Macintosh Classic. And everything is in apple-pie order for the PC-maker to unveil these machines at a trade fair — the Comdex computer show — in October. The company will be making one of its biggest introductions since the original Macintosh when it presents three notebooks called **Powerbooks**, two advanced desktop systems called the **Mac Quadra** and a new version of the low-cost Macintosh Classic.

Hand-held computers have, in recent times, received a leg-up what with a host of small companies trying to build a market for the nifty devices. However, with **Sony** joining the bandwagon, these computers may cease to be novelties. Sony's hand-held computer, the **Data Discman**, backed with the technical and marketing prowess of the Japanese company, will provide the first major test of the consumer's appetite for portable information devices.

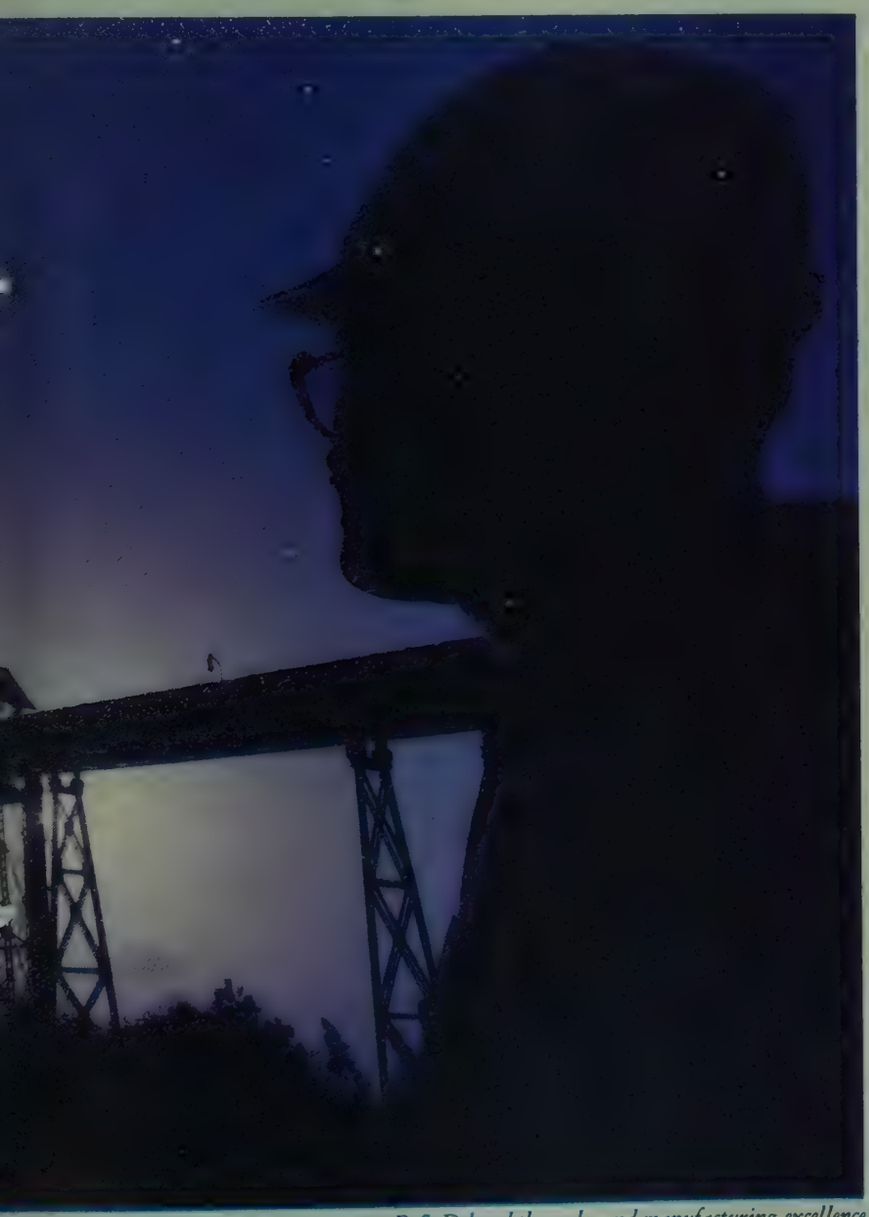
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ACETIC ACID VENTURES

P.V. SATYANARAYANA



This article, a continuation in the series on new projects in the chemical industry, will discuss acetic acid (AA) ventures. The present annual demand for AA is estimated at about 90,000 tonnes. The apex committee for perspective planning for the chemical industry has projected that AA demand will hit 2 lakh tonnes (LT) by 1994-95, rising to 3.22 LT by 2000. Spurred by the growing demand, a number of new players have planned to get into AA manufacture, while existing units are expanding capacities.

■ Ashok Organic Industries is implementing a 6,000 tonnes per annum (tpa) AA project at Mahad in Raigad district which is likely to be completed by 1992. The company also plans to expand capacity at its existing AA unit at Ankleshwar in Gujarat from 9,000 tpa to 15,000 tpa at a cost of Rs 6.5 crore.

■ Assam Gas Co is to set up a 45,000 tpa AA facility at Namrup in Dibrugarh district. AA manufacture is to be linked to a 1 lakh tpa methanol project.

■ Balrampur Chini Mills is implementing a Rs 16 crore, 6,000 tpa AA project (along with a distillery) at its complex in Gonda district of UP.

■ Bannari Amman Sugars Ltd (BASL) is to set up a 4,800 tpa AA unit at its existing complex at Alathukombai in Periyar district of Tamil Nadu (TN).

■ Cauvery Sugars & Chemicals is to set up a Rs 13 crore, 6,000 tpa AA plant with carbon dioxide as a byproduct.

■ Coimbatore Alcohol & Chemicals (a BASL venture) is to instal a 6,000 tpa, Rs 11.5 crore AA facility at Bhavani in Periyar district of TN.

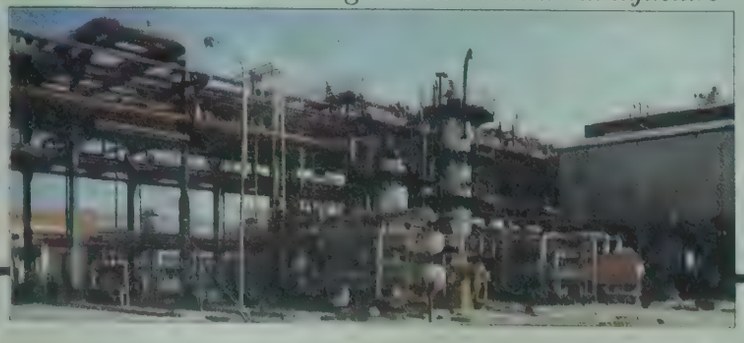
With the demand picture bright, a number of new ventures and expansion schemes for acetic acid have been planned

■ Dhampur Sugar Mills recently commissioned an AA-cum-acetic anhydride facility at its sugar complex in Uttar Pradesh.

■ Gujchem Distillers India is to double its AA capacity to 15,000 tpa at Ankleshwar at a cost of Rs 6 crore. Completion was scheduled for 1991.

■ Gujarat Narmada Valley Fertilizers (GNFC) is to implement an export-oriented 50,000 tpa AA project at Narmadanagar in Bharuch district. The company will adopt the methanol route for the first time in India using technology from BP Chemicals. The project, originally conceived in 1986, ran into rough weather. It finally obtained clearance in May 1991. The project was originally estimated to cost Rs 130 crore with a forex component of Rs 39 crore.

ONE OF GNFC'S PLANTS: *Moving into acetic acid manufacture*



■ Indian Organic Chemicals (IOC), which has an AA capacity of 12,000 tpa at Khopoli in Raigad district, had failed in its earlier proposal to increase its overall capacity for alcohol-based chemicals to 24,700 tpa. With the changed government policies, IOC may reconsider the expansion scheme.

■ Industrial Organics, a joint venture between Varinder Agro Chemicals and Punjab State Industrial Development Corp, recently completed its Rs 6.5 crore, 4,500 tpa facility for producing pure, technical and analytical reagent grades of AA, as well as acetic anhydride and ethyl acetate at Barnala in Sangrur district.

■ Kanoria Industries (earlier Bagalkot Udyog) is to set up a 6,000 tpa AA plant along with a distillery at Captainganj in Deoria district. The project was originally estimated to cost Rs 13 crore.

■ Kolhapur Sugar Mills is to more than double its AA capacity to 20,000 tpa at Kolhapur (Maharashtra). The cost: Rs 7 crore.

■ Pentokey Organy is to raise its AA capacity at Lote Parshuram in Ratnagiri district to 5,000 tpa.

■ Riga Sugar is to diversify into AA by installing a distillery and an acetaldehyde/acetic acid facility as a part of its three-tier complex. The cost: Rs 10 crore.

■ Sahakar Maharshi Shankarrao Mohite-Patil SSK Ltd is to set up a Rs 4 crore, 20 tonnes per day (tpd) AA plant at its complex at Shankarnagar-Akluj in Solapur district. The project is likely be completed by 1992.

■ Somaiya Organics (India) plans to set up a Rs 15 crore, 6,000 tpa AA facility at Captainganj in Deoria district.

■ Somaiya Organo-Chemicals is to increase its AA capacity from 9,000 tpa to 15,000 tpa at its Sakarwadi plant near Kopargaon in Ahmednagar district.

■ Thiru Arooran Sugars is to set up a facility for producing AA and acetic anhydride at a cost of Rs 17 crore at Thanjavur in TN.

■ Trichy Distilleries & Chemicals has drawn up a Rs 7 crore expansion plan to raise AA capacity from 4,560 tpa to 12,000 tpa at its Thiruchirapalli plant in TN.

■ Triveni Engineering Works is to put up a Rs 30 crore chemical complex at its Khatauli sugar complex in Muzaffarnagar district. The AA capacity: 10,000 tpa

■ UP State Sugar Corp is to set up a Rs 16 crore distillery and an acetaldehyde (11,500 tpa)/AA (5,000 tpa) facility at one of its sugar complexes in Deoria.

• *The author is a Bombay-based management consultant*

Takeover styles are in for a change.

THE END OF AN ERA?

On 19 August, the tanks rolled into Moscow. The hardliners took over; president Gorbachev was out. Two days later, Gorbachev was back in the saddle; the takeover had failed.

On 26 August, the Ambanis rolled into Bombay's Birla Matushri Hall for the Larsen & Toubro (L&T) extraordinary general meeting (EGM). Twenty minutes later, after an adjournment move by the Life Insurance Corp (LIC), a bomb scare and much ado by Ambani camp-followers, the meeting was officially over. Another takeover had failed.

But there is a difference. The old guard in the Soviet Union can never stage a comeback now; the Ambanis, on the other hand, remain supremely confident of regaining control of L&T. In fact, the Ambanis knew how things were going to turn out — that this was only a temporary setback. (Some newspaper reports say prime minister Narasimha Rao had himself rung up Dhirubhai Ambani to tell him to hold his horses.)

But the L&T takeover may well be the last of its ilk. The eighties saw a lot of slugfests in boardrooms, courts and the media. The tone for the decade was set by Swraj Paul's abortive bid for Escorts and DCM. Manu Chhabria had better luck with Shaw Wallace though he came a cropper in Gammon India. And there were several others — Jagatjit Industries' attempt on Mohan Meakins, for instance — which did not hog as much limelight.

LYING LOW

Today, the principal predators of yore are lying low. R.P. Goenka has enough on his plate, though he is not averse to eyeing a particularly juicy plum or two. Manu Chhabria is "not interested." Says he: "No major company is available... nothing is available." Besides, he adds, "today, we are trying to consolidate."

"We are in the consolidation mode," echoes Vijay Mallya, a man who has added many a scalp to his bag in the past decade. He says that his UB group will now be concentrating on its core businesses ("which is why we sold off Kissan"). "Yes, individual companies in the group might take over companies with which they have obvious synergies, but as a group we are not interested in any more acquisitions now," he adds.

The predators are changing their spots. With the call for more transparency in takeovers, the behind-the-scenes wheeling-dealing may not be as easy as before. Tomorrow will see more takeovers, but of a different hue

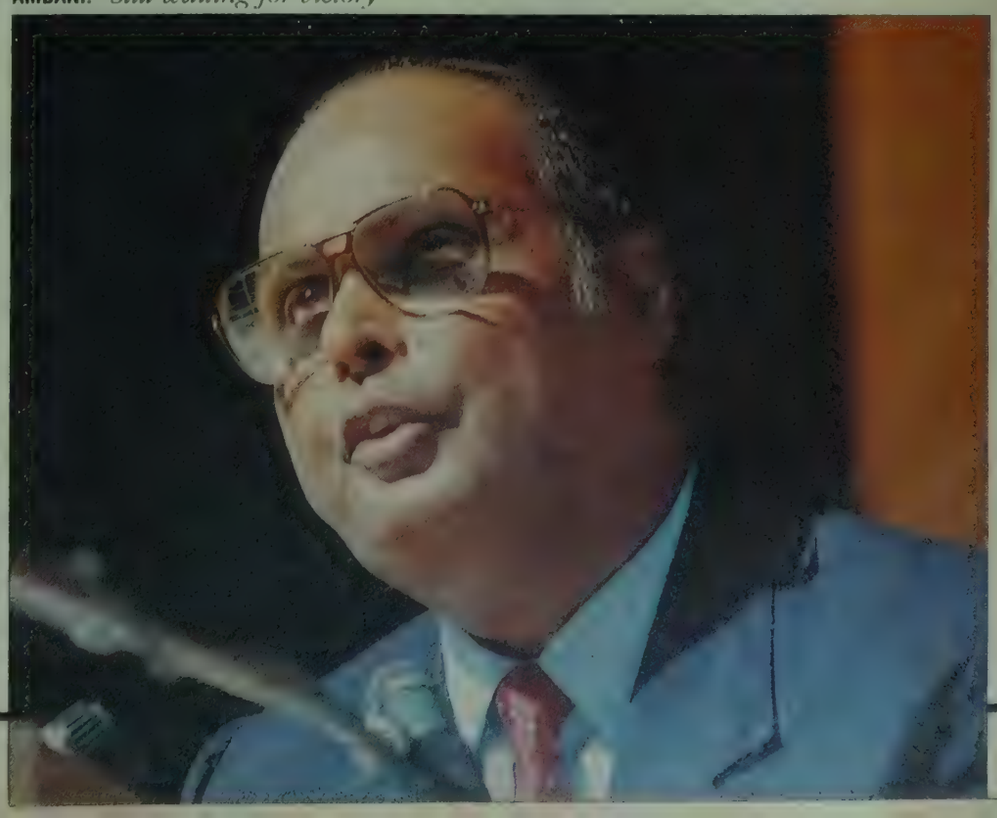
Even Swraj Paul, who could possibly have been expected to be enticed by the renewed woo-the-non-resident-Indian policy, is not interested. "I have no plans to invest in India as of now," he says. He points to the fact that £2.5 million of the £8.5 million he had spent on picking up Escorts and DCM equity is still locked up; that's hardly an inducement for him to return.

MORE TAKEOVERS

But if the professional predators have hung up their boots for now, it does not mean that there will be any less of takeovers. In fact, the very reverse is likely to be true; there will be many more.

The key difference tomorrow is that there will be fewer midnight manoeuvres, rainy insects of the BoB Fiscal variety and general unregulated mayhem. "Let not what happened to L&T happen to any other company," said former L&T chairman N.M. Desai sometime back. His wish could well be coming true.

AMBANI: *Still waiting for victory*





MALLYA, PAUL, CHHABRIA: *Lying low*

One of the key reasons is that there is a greater awareness in the government today that there must be a clear-cut policy on the role of the financial institutions (FIs). So far, the chiefs of FIs have been dancing to the tune of ministers and powerful industrialists. It matters because the FIs have significant equity stakes in most large Indian companies. The success of a takeover thus depends on which way the FIs tilt.

"We are basically at Delhi's beck and call," says an FI chief obviously requesting anonymity. The result: in their hop-to-order role, the FIs have jumped different ways at different times. In Escorts they dithered until the prime minister's office (PMO) intervened. In Shaw Wallace, they helped oust professional manager S.P. Acharya — they didn't even okay a pay hike for the poor man. In Gammon India, they shored up T.N. Subba Rao's efforts to continue in the saddle, precedents and the might and muscle of Manu Chhabria despite. And in L&T, they have altered stance with all the alacrity of a quick-change artiste.

SERIOUS EFFORTS

Under finance minister Manmohan Singh, however, there are at last serious efforts to work out a uniform code governing takeovers. The Bombay stock exchange has appointed a committee to look into the loopholes in clause 40 of the listing agreement (which says an open public offer must be made to minority shareholders when the majority shareholding — and, thus, possibly management control — is changing hands).

The Securities & Exchange Board of India (Sebi), on its part, has gone one step further. It has drafted and circulated a model "regulation for substantial acquisition of shares in listed companies." Says Sebi chief G.V. Ramakrishna: "We have invited comments from all relevant organisations."

The Sebi paper pays particular attention to the role of the FIs and tomorrow's big-stake players — the mutual funds. "The FIs and mutual funds have a special obligation while offering to sell their shares through private negotiation," says the paper. "They should be prudent and cautious in transferring the equity shares held by them."

NO SURREPTITIOUS DEALS

Sebi has suggested that the FIs and mutual funds should not sell any shares exceeding 1% of the paid-up capital of a company by negotiation unless they make a public announcement of their intentions with all the relevant details. Also, other bidders should be given an opportunity to make offers and the highest bid should be accepted. Even for open-market sales, the FIs and funds are required to make a public announcement within two days of the transaction if the 1% threshold is crossed. If this becomes law, as well it might, there can be no more surreptitious deals as evidenced in L&T.

The Sebi draft obviously does not go into the way the FIs should vote in a takeover battle; that is outside its ambit. But, if the Sebi guidelines can be said to be setting the trend, it should only be a matter of time before the finance ministry comes up with its own code covering wider issues. A group is, in fact, working on this at the present.

SEBI'S GUIDING PRINCIPLES

The following are the guiding principles behind the Securities & Exchange Board of India's draft regulation on takeovers:

- Equality of treatment and opportunity to all shareholders.
- Transparency in acquisition of shares.
- Fair and truthful disclosure through public announcement.
- Availability of sufficient time for shareholders to make a properly-informed decision.
- Avoidance of undesirable practices in substantial acquisition of shares and clandestine transactions.
- Protection of rights of small and minority shareholders.
- Avoidance of use of price-sensitive information concerning a public offer by all persons privy to confidential information for their own profits.

If clandestine takeovers and behind-the-scenes skulduggery are out (hopefully), what is the shape takeovers will take tomorrow? That's already evident.

SOME COMPARISONS

Comparisons cannot but be made between the L&T imbroglio and Tata satrap Darbari Seth's Consolidated Coffee (ConsCoffee) coup. While the former has inspired vituperative attacks (and equally venomous counter-attacks), the latter drew universal kudos. The reason, as Seth explained, was because it was "open, fair and totally above-board."

If ConsCoffee was the first of the open offers of recent times, others have been quick to follow. The Ruias of Essar are now trying to sew up a similar deal for South India Shipping. And the Bombay-based Jalans bought up S&S Power Switchgear from the south India-based WS group.

These are the trendsetters. But it does not mean that there will be no competition or hostility involved. That point has already been made by the successful open offer Carborundum Universal made for Wendt (India). In this case, the Bombay-based Khataus who were in control of the latter company with a 30% stake were unwilling to be ousted. But Carborundum picked up a 19.4% stake in Wendt through its open offer and, with support from Wendt GmbH of Germany which has a 30% holding, outmanoeuvered the Khataus. Eventually they had to sell their own 30% stake at Rs 72.50 per share against the Rs 88 paid in the open offer.

Carborundum went for Wendt because there were certain synergies involved. And that is likely to be the hallmark of the takeovers of the future.

In the Indian environment, plagued with an assortment of laws on prevention of monopolies and lavish amounts of redtape, it has not been possible for companies and business groups to grow in the proper way. Comments a Sebi occasional paper: "Most of acquisition activity in India so far has been in the nature of unrelated diversification, rather than forward or backward integration or horizontal expansion (in the sense of consolidation of existing capacities or marketing resources)."

Even in the internal growth plans of companies, there have been unplanned plunges into unrelated areas (wherever licences were available) and dozens of diversification disasters. This is what made pharmaceutical outfit Burroughs Wellcome step into shoes and tractor manufacturer Escorts set up a floating drydock.

These ventures may have now been abandoned but there are scores of companies left with businesses which have little or no relation to the main activity. In a less-protected environment it will not be possible to squander resources on fringe activities. Companies will have to stick to the knitting and, for starters, they will have to do some unravelling. A massive restructuring job is obviously required (see Corporate Perestroika *BW* 10-23 April 1991).

This is already being reflected in the spate of strategic alliances (which may or may not involve equity transfers). The Tatas have tied up with Peico Electricals & Electronics, Eicher with Enfield, Essar with Mandovi Pellets, PSI-Bull with Nelco, Digital Equipment India Ltd (Deil) with Hinditron and DCM Data Products, HCL with Hewlett Packard... the list goes on. "Tomorrow's buzzword will be co-optition — you cooperate and compete," says National Association of Software & Service Companies president Harish Mehta.

STRONGER ENTITIES

Most of these tieups are designed to give muscle in the marketplace in the competitive nineties. They are not takeovers in the true sense of the word because it is not one company gobbling up another. But they are likely to see the emergence of stronger entities in the long run. The merger of Reliance Industries and Reliance Petrochemicals is a case in point.

The key feature of these "arrangements" is that they are amicable — happy marriages rather than of the shotgun variety. The large mass of tomorrow's takeovers is likely to fall into this category. This in sum means that they won't go headline-hogging as they have done in the past.

Another major reason for a

MAJOR TAKEOVERS IN RECENT YEARS

Company	Purchaser/Partner	Price	Year of purchase
Warren Tea	G.S. Russ, UK	£6 m	1983
Shaw Wallace	M.R. Chhabria	$26 m	1985
Metal Box	B.M. Khaitan (1)	N.A.	1985
T.N. Chemicals	R. Udayar/Ross Deas	N.A.	1986
Chloride India	S.K. Birla (2)	N.A.	1987
Holman Climax	Nat Puri	£2 m	1987
Ashok Leyland	Hindujas	£26 m (3)	1987
Mather & Platt	M.R. Chhabria	£14 m	1987
Hind Dorr Oliver	M.R. Chhabria	$9 m	1987
Berger Paints	Vijay Mallya	£12 m	1988
Shalimar Paints	M.R. Chhabria	Rs 72 per share	1988
Neyveli Ceramics	Spartek Ceramics	Rs 1.69 crore	1988
Harrisons Malayalam	R.P. Goenka	N.A.	1988
ICIM	R.P. Goenka	N.A.	1988
Dunlop	M.R. Chhabria	N.A.	1988
Allwyn Nissan	Mahindras	Rs 4.32 crore	1988
IEL Rishra Unit	Abhey Oswal	Rs 14 crore	1988
UCIL Chembur Unit	Abhey Oswal	Rs 58.5 crore	1988
West India Engg	Vijay Mallya	N.A.	1988
West India Enter	Vijay Mallya	N.A.	1988
L&T	D.H. Ambani	Rs 80 crore (4)	1988
ACC	Darban Seth	N.A.	1988
Universal Luggage (5)	Dilip Piramal	Rs 4.17 crore	1988
Swastik Surfactants	Nitin Jobanputra (6)	Rs 1 crore	1988
Nicholas Labs	Ajay Piramal	$2 m	1988
CESC	R.P. Goenka	N.A.	1988
ConsCoffee (CC)	Darban Seth	1 Tata Tea share + Rs 100 per 2 CC shares	1989
S&S Power	Sushil Jalan	Rs 5.63 crore	1990
Wendt (India) — (WI)	Murugappa group	3 Carborundum shares or Rs 50 for 5 WI shares	1990
Mangalore Chemicals	Vijay Mallya	Rs 30 crore (7)	1990
SI Shipping	Essar group	50 Essar Shipping shares + Rs 65 cash	1991
Assam Co	Jay Mehta	$30.4 m	1991

Notes: (1) 7% stake bought through rights issue; (2) Strategic alliance, no equity stake; (3) Includes 59% stake in Ennore Foundries; (4) 12.4% stake bought from market for approximately Rs 80 crore till 1988; Ambani has since substantially increased his holding; (5) Includes three ancillary units; (6) 97% of equity bought together with Satish Bhangar; (7) The amount Mallya is expected to pump into the company. At the end of the deal, the UB group is expected to have a 66% stake in Mangalore Chemicals.
Source: BW estimates

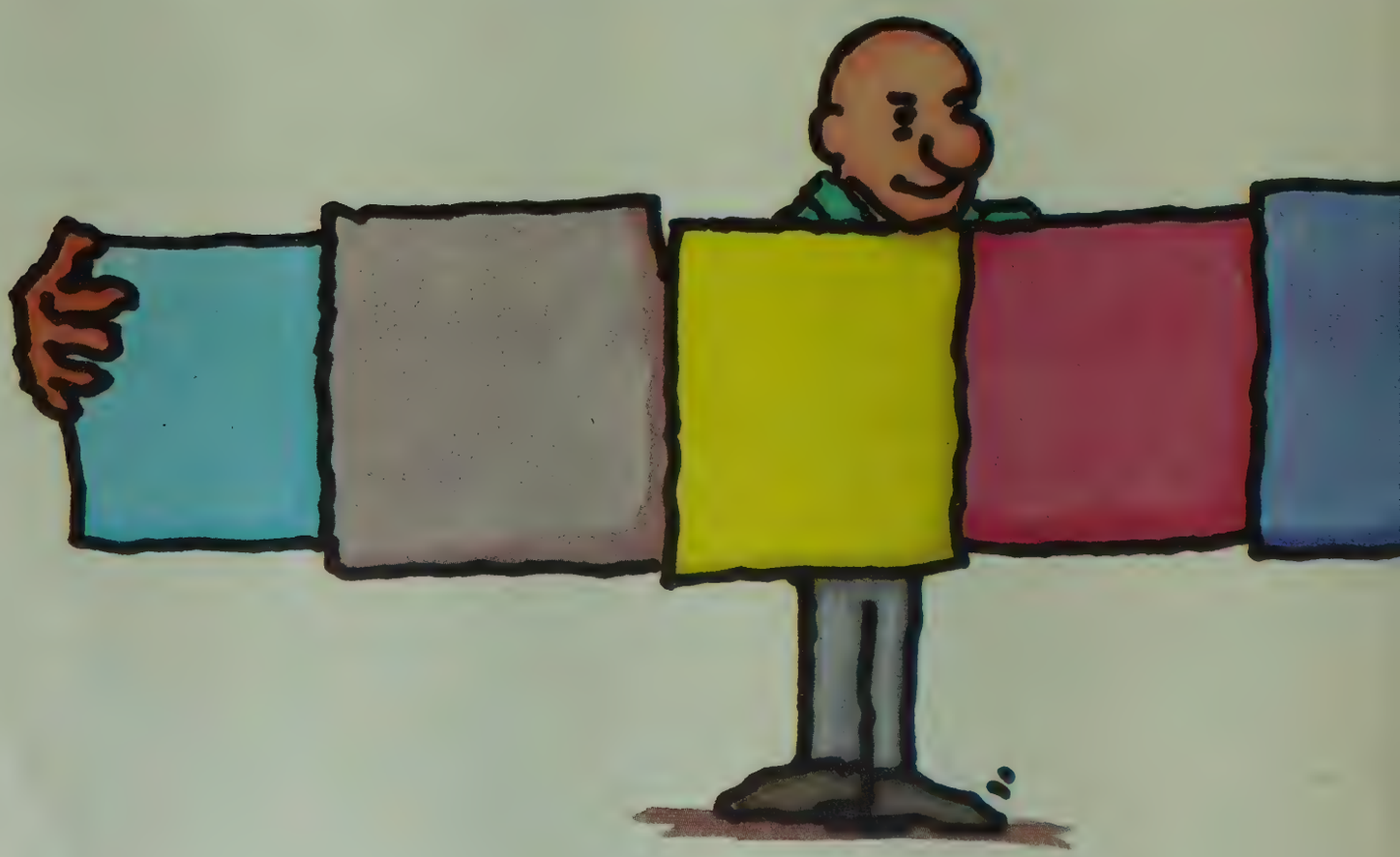
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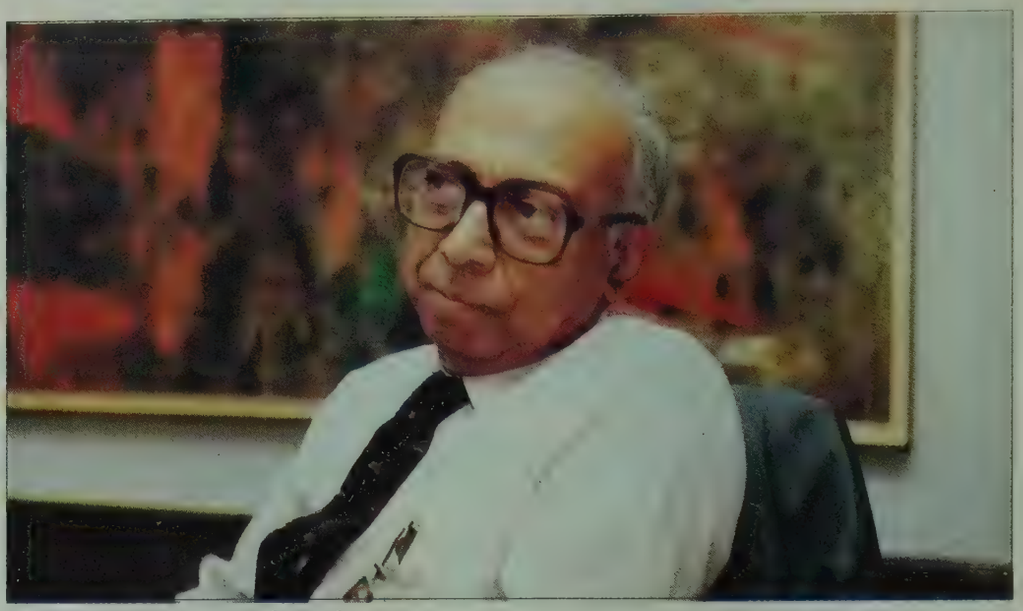
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difference in takeover styles is that foreign holdings in companies are no longer up for grabs. Rather, the reverse seems to be coming true. Swedish Match is no longer interested in selling off its stake in Wimco to Flex Industries. Shell, current denials despite, wants to up its holding in National Organic Chemicals from 40% to 51% and many more are likely to follow suit in the new dispensation. No, the multinationals are not quite queuing up to enter India, but those that are there are beefing up to stay ahead of the pack. There may be a stray Britannia or an Assam Co but, by and large, Chhabria is right when he says nothing is available.



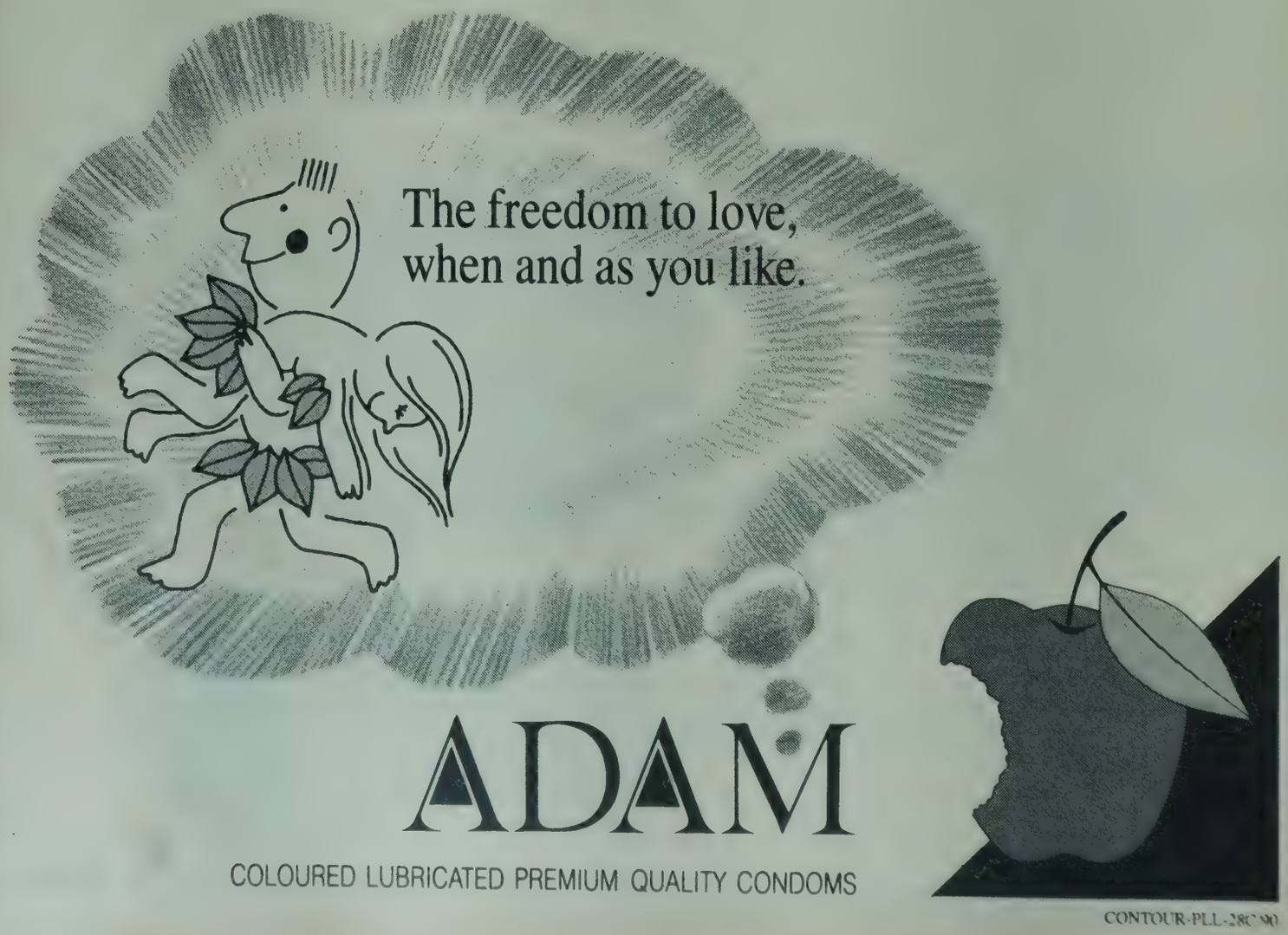
RAMAKRISHNA: *Setting the rules*

SOME CAVEATS

There are, of course, caveats to all this. First, the tempo of liberalisation must be maintained; if monopoly curbs persist in one form or the other, growth through rational acquisition will be automatically stifled. If Sebi is not given its required teeth, all regulations will remain on paper. The BSE listing agreement does stipulate that any substantial acquisition (10% or more) must be accompanied by an open offer. But various ways have been found of circumventing it. Sebi is trying to plug all loopholes but more will obviously be discovered. It depends in the end on how good a job Sebi does.

Fingers crossed, however, tomorrow should see many more takeovers (perhaps masquerading as alliances). But they should be smaller affairs, more transparent transactions and devoid of much of today's acrimony. If the FIs and Sebi play impartial umpire, India's corporate sector may emerge from the coming shake-up with much more dynamism and sense of direction.

□ A correspondent

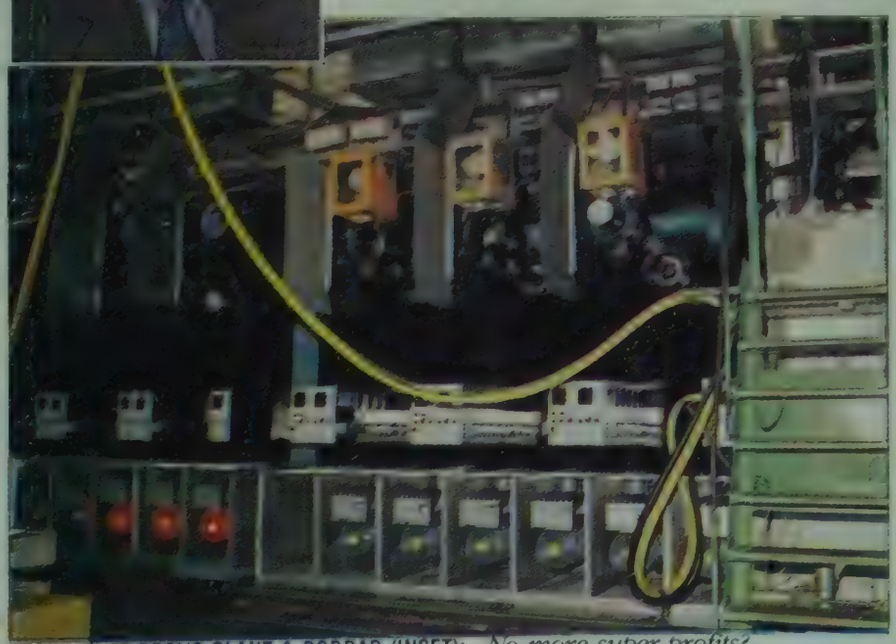


RPSL'S NEW HORIZONS

The days of super-profits are perhaps over. Rajasthan Petro Synthetics Ltd (RPSL) has been spinning money from the manufacture of finer grades of polypropylene multifilament yarn (PMY). With a change in the excise structure, however, the wonder yarn has lost some of its gloss. Undaunted, the company is going ahead with diversification plans to stay in the fast lane.

With a lower excise of Rs 9 per kg, the market price of PMY was around 10% less than other yarns, especially nylon yarn which is directly in competition with it in the textile sector. And because PMY gives 25% extra length for the same weight of nylon yarn, the popularity of PMY has been on the rise ever since it was first launched in 1988. No wonder there are 20 other industrial houses with letters of intent in their bag waiting to jump in the fray.





WINDERS AT RPSL'S PLANT & PODDAR (INSET): *No more super profits?*

But the Union budget of 1991-92 has changed the scenario altogether. In just one go, the excise duty on PMY has been hiked from Rs 9 to Rs 32.50 per kg. This will make PMY a shade costlier than other yarns. Says RPSL managing director G.S. Poddar: "This hike is totally unjustified and will cripple the industry. There is hardly any revenue gain to the government. This decision was made, perhaps under the influence of the nylon yarn manufacturers' lobby."

Logical move. However, sources in the synthetic yarn industry see some logic behind the hike in the duty. "With broadbanding, it is natural to have almost equal duties for the items covered under broadbanding, otherwise there are chances of excise duty evasion," explains a clued-in observer. But, counters Poddar: "If that is the policy, why has the government not hiked the duty for PBT (polybutylene terephthalate)?" The duty on PBT now, which falls in a similar category, is only Rs 9.68 per kg, against between Rs 32 and Rs 40 for other yarns.

It is not the excise change alone which threatens to hamstring RPSL. The company is import dependent; the cost of imported raw material alone constitutes around 30% of the sales price. With hardly any exports, RPSL will have to buy exim scrips from the market at a stiff price.

Despite all these adverse developments, the company is confident of climbing the corporate ladder at the same pace. "Our profitability will not be affected very much in the current year with production going up, but the profitability ratio may decline a little," says RPSL general manager Vishwanath Poddar. Incidentally, the company's gross profit ratio at 34% is one of the highest in the synthetic yarn industry.

Starting in a small way with an installed capacity of 1,000 tonnes per annum, RPSL's turnover has been growing steadily. In 1987-88, the first year of operations, the company produced 678 tonnes of yarn and notched up a turnover of Rs 8.57 crore. The very next year, it achieved 100% capacity utilisation. Expansion was the natural next step and this has recently been completed. The total capacity now stands at 3,000 tonnes. The Rs 17 crore expansion project was completed without enlarging the equity base of the company.

For the year ended March 1991, RPSL recorded a turnover of Rs 21.73 crore, with gross profit placed at Rs 7.17 crore. The net profit stood at Rs 4.19 crore on an equity base of Rs 3.19 crore, which gives an earning per share of Rs 13.13 on each share of Rs 10. Says G.S. Poddar: "The benefit of capacity expansion will come in the current year and we hope to maintain our profits." The company hopes to double its turnover this year. But will the market absorb so much of this fibre at an increased rate?

Till now there have been only two manufacturers of finer grade PMY with a combined output of around 2,000 tonnes. But two more companies have entered the field this year and the total installed capacity of the industry stands at around 8,000 tonnes. Poddar sees problems ahead. Says he: "Yes, demand is growing, but if too many producers come in, the market may not be able to absorb such large quantities."

Abroad, PMY is quite popular and it is used in almost every furnishing fabric. But in India most of it goes into textiles. RPSL supplies 75% of its production as textile yarn, while the balance goes into the furnishing, industrial and carpet industry. "There are many end uses and the potential is great, but it has to be developed and made popular before pumping quantities into the market," asserts Poddar.

Technical superiority. Apart from the two existing manufacturers (Gujarat Filament being the other), Haryana Petro and Parasrampuria Synthetics, have also started production this year. And two more are expected to enter

A BOOMING BOTTOMLINE

(Rs crore)

	1987-88	1988-89*	1989-90	1990-91
Total turnover	9.91	11.78	17.58	21.73
Manufacturing expenses	4.53	5.11	7.85	11.68
Depreciation	1.54	2.30	3.93	2.98
Net profit/(loss)	(1.05)	1.38	1.44	4.19
Net profit/sales (%)	—	11.71	8.19	19.28
Equity capital	3.19	3.19	3.19	3.19
Production in PMY (tonnes)	678	811	1,144	1,292

* nine-month period.

very soon. But RPSL hopes to ride out any possible glut. Besides lower production costs, RPSL is confident of maintaining its leadership in the field because of its technical superiority. After implementing its project under technical collaboration with Cora Engineering Chur of Switzerland, RPSL discontinued the agreement and claims to have developed an in-house research division. "We have improved our product and it is the finest in the world," claims Poddar.

RPSL is widening its horizons too. The company is implementing a backward integration project at a cost of Rs 15 crore for the manufacture of master batches, used for dyeing the yarn at the manufacture stage itself. There are no manufacturers of master batches in the country and all the requirement is met by imports. RPSL will be importing colour pigments and will produce master batches mainly for its own requirement. Says Poddar: "This will not only reduce our import bill but will also reduce production cost. At a later stage, we will also manufacture colour pigments."

Reduced import bill. There is the prospect of reducing costs on another front too. Indian Petrochemical Corp will start production of polypropylene chips next year and RPSL will have a reduced import bill. That will be the time when the profitability of the company could shoot up, if it is able to utilise its full capacity.

Thanks to RPSL's excellent bottomline, it is promoting new companies to make itself a big corporate group. A year ago, it floated Ceeta Polymers Ltd (CPL) for the manufacture of polypropylene bags for the first time in the country. Competing with high density polyethylene bags, the polypropylene variety is not only cheaper but also lighter in weight. Hence they are gaining in popularity. With an equity base of Rs 6 crore after a recent public issue in May 1991, CPL is expected to notch a profit of around Rs 3 crore on a turnover of Rs 20 crore in 1991-92.

RPSL, CPL and the smaller companies of the group in the fields of mining and transportation together account for a turnover of Rs 45 crore. This is expected to jump to Rs 75 crore next year. There is more on the anvil. RPSL has a letter of intent for the manufacture of 15,000 tonnes of polyester filament yarn (PFY). The capital cost of this project, which was Rs 60 crore before the devaluation of the rupee, has now shot up to Rs 82 crore. Once implemented, it will give a turnover of Rs 250 crore on full capacity utilisation. That will take group turnover to Rs 400 crore in another three years. Another entrant knocking on the doors of the big league?

☐ Shashi Shekhar

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CHANGING THE DOSE

It has been a bitter pill to swallow; the Indian drug industry has gagged and choked over price controls. The draconian Drug (Prices Control) Order — DPCO — of 1987 has ensured that pharmaceutical prices in the country are among the lowest in the world. The result: declining profitability and the threat of sickly bottomlines.

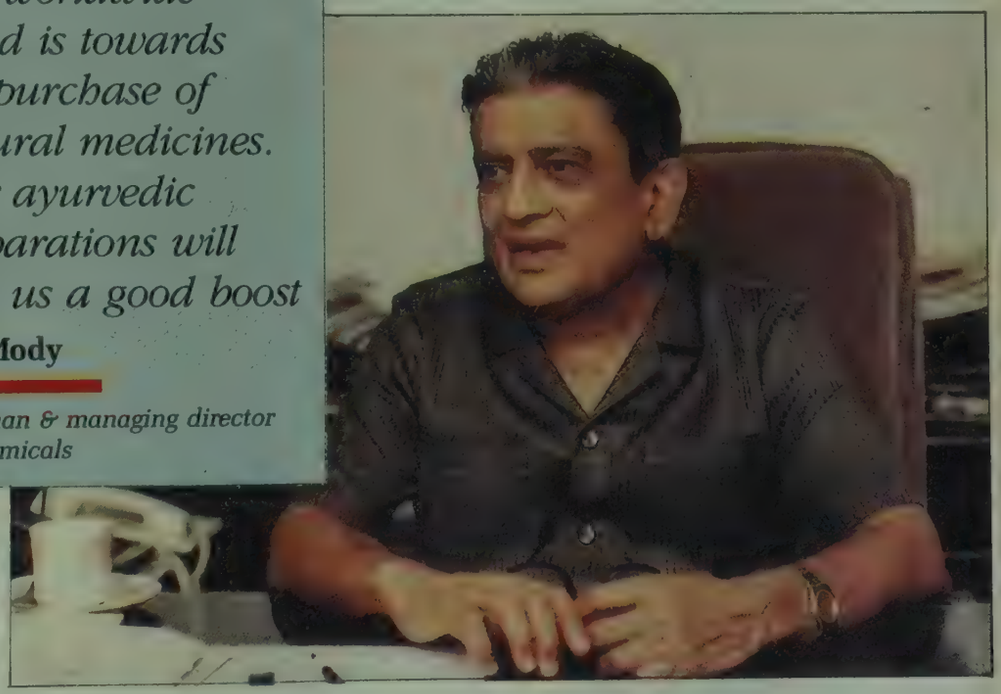
There is, however, an antidote to this bitter pill. Indian pharmaceutical companies have, over the past few years, altered their strategies to escape the clutches of the DPCO. Some have moved into the production of drug categories outside the DPCO ambit. Others have tried to secure their futures by going in for unrelated diversifications (see *BW* 2-15 January).

The Bombay-based JB Chemicals & Pharmaceuticals has been no exception to this trend. With one significant difference — the company has moved into the greener pastures of the export market which is not covered by the DPCO. "Our profitability margin from our local sales is barely 3-4%," says JB's chairman & managing director J.B. Mody. "It is our exports that have helped maintain profits at a healthy level," he adds.

The worldwide trend is towards the purchase of natural medicines. Our ayurvedic preparations will give us a good boost

J.B. Mody

chairman & managing director JB Chemicals



JB's export push, which is essentially concentrated in bulk drugs and formulations, has definitely worked. In the 1990-91 financial year, the company managed to export around a third of its total turnover — Rs 18.16 crore out of an output worth Rs 59.15 crore. That's no mean achievement. (The company's cif — cost, insurance, freight — import bill is a relatively meagre Rs 6.08 crore.)

Qualitative edge. What is the secret of the company's export success? While the declining value of the Indian currency has definitely helped, Mody feels that the main reason is the quality of his company's products which is often the deciding factor in the international market.

But there is one serious problem on the export front — a full Rs 16 crore of the total export earnings comes from sales to the USSR. With the Soviet economy on the verge of collapse and a big question mark hanging over the rupee-rouble trade arrangement, JB is bound to run into major obstacles in this market.

This fact has not been lost on the company. "It is not advisable to put all your eggs in one basket," says Mody. As a result of this new thinking, JB is reorienting its export strategy to concentrate on the more lucrative general currency area (GCA) markets. This has been given added impetus by the change in government policy on exports to the rouble area; the value-addition norms for advance licence eligibility have been increased. JB now plans to hawk off half of its export basket in the GCA. Already, according to Mody, the European bulk drugs market has been penetrated and formulations sales are picking up in south-east Asia and Africa.

Besides exports, JB has followed some other drug companies into the non-DPCO ayurvedic medicine markets. "The worldwide trend is towards the purchase of natural medicines. India can be no exception," says Mody. "Our ayurvedic preparations will give us a good boost," adds he. The company has also decided to move into the production of soft gelatine capsules, with an investment of Rs 2 crore, for its formulations.

Given these diversifications, JB's top management has set a Rs 100 crore target for their company by 1994. But, unfortunately for them, the elixir of optimism alone will not do. The company seems set for some hiccups on the way. First, pushing exports into the GCA can be problematic considering the slowdown in world trade and the rise of protectionism. (If, however, JB can pull it off, it will get an exim scrip bonanza.) Secondly, production of bulk drugs over the past few months has been severely constrained by a shortage of ethylene oxide. Besides these factors, Mody also points out that the political disturbances of the previous year and the Gulf crisis have harmed the company's health.

Acting in concert, these factors have told on the bottomline. Last year's turnover of Rs 59.18 crore is not much of an improvement over the Rs 42.68 crore figure notched up during the nine months ended March 1990. While delays in getting advance licences have ensured that the turnover for the first four months has not matched the figure for last year's corresponding period, Mody is confident of recovering lost ground to notch up a Rs 65 crore turnover during 1991-92.

"We have to hope for the best," says Mody. That may sound like nothing more than a cliche. But currently, hope is one of the best tonics for India's troubled drug companies.

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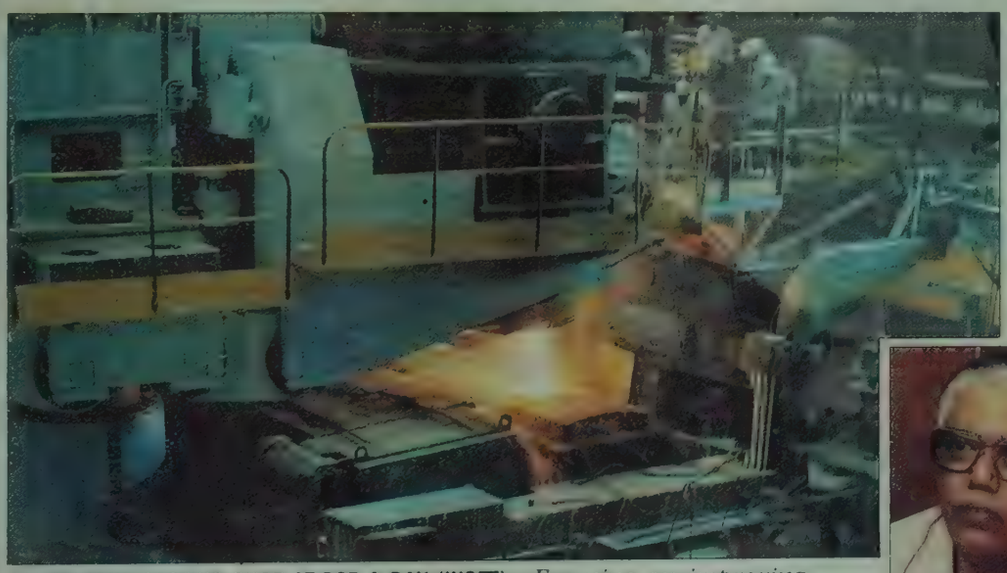
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STEELING A MARCH?

When the mild-mannered Subrata Ray took over as managing director of the Rs 2,525 crore (1990-91) turnover Bhilai Steel Plant (BSP) in June this year, the 58,000-strong employee fraternity was in for a pleasant surprise. Instead of announcing major plans and perspectives that he had in mind for his new assignment, he had just one question when he met almost all the employees in small groups: "What do you expect the new managing director to do?" Says Ray: "We are now in the process of getting all the answers together. This could form the core of my strategies."





CONTINUOUS CASTING SHOP AT BSP & RAY (INSET): *Focusing on improving performance*

The people orientation is obviously an integral part of the new managing director's style and plans. After having turned in a creditable performance in his last job as executive director of Visakhapatnam Steel Plant, the pressure on him to show results is tremendous.

Industry observers say that Ray has taken over at BSP at a very crucial period. Although the bottomline touched a creditable Rs 104 crore last year (1990-91), it is expected to come down phenomenally by a hefty 66% to Rs 35 crore in the current year. The company has been dogged by low capacity utilisation. While this has been primarily due to external factors like erratic supply and wide fluctuations in the ash content of coking coal, Ray is only too aware that there are other areas where he can get cracking. Says he: "Soon after I took over, we did an internal analysis of the financial and production aspects."

An additional burden. The findings have been somewhat ominous. In the current year, the combined effect of the devaluation of the rupee, the railway freight and coal price hikes and inflation in general will impose an additional burden of Rs 136 crore on the company. Besides, the impact of the Madhya Pradesh state budget is yet to be gauged.

Ray is not letting the inevitable overtake him. One of the first things he did after assuming office was to apprise new Union steel secretary R. Vasudevan of the situation. Subsequently, BSP has asked for two major concessions. First is an increase in the price of goods supplied by BSP to the Indian Railways. With the latter accounting for nearly 10% of BSP's production, a price hike will have a significant impact on the company's turnover and profitability. Second, an increase in the price of goods supplied by BSP under the Joint Plant Committee (JPC) has also been suggested; Ray wants Rs 5,000 more per tonne of steel. If both these go through, BSP's bottomline could add more muscle.

Further, an elaborate exercise has also been initiated within BSP to cut costs. As a first measure, steps are being taken whereby water consumption will be reduced by nearly 50%. Energy usage is another focus of attention. Coal requirement per tonne of steel production is to be reduced to 30 kg. The chopper is also being applied on electricity consumption. All this is sought to be achieved through a process of technological upgradation with expertise from Holland.

With an eye on profitability, Ray has also taken up other measures — organisational and manpower revamps and expenditure control. These seem to be — at least in the short term — having the desired impact. For example, it has been estimated that profitability in July — one month after Ray took over — exceeded the targeted profit of Rs 1 crore by Rs 2.5 crore.

Along with these short-term measures, long-term plans are also being readied. Possibly the most radical one being envisaged is to completely change the company's product profile in another three years. Today, BSP makes structural steel products and flat products in a 69:31 ratio; this will change to 60:40 in favour of flat products.

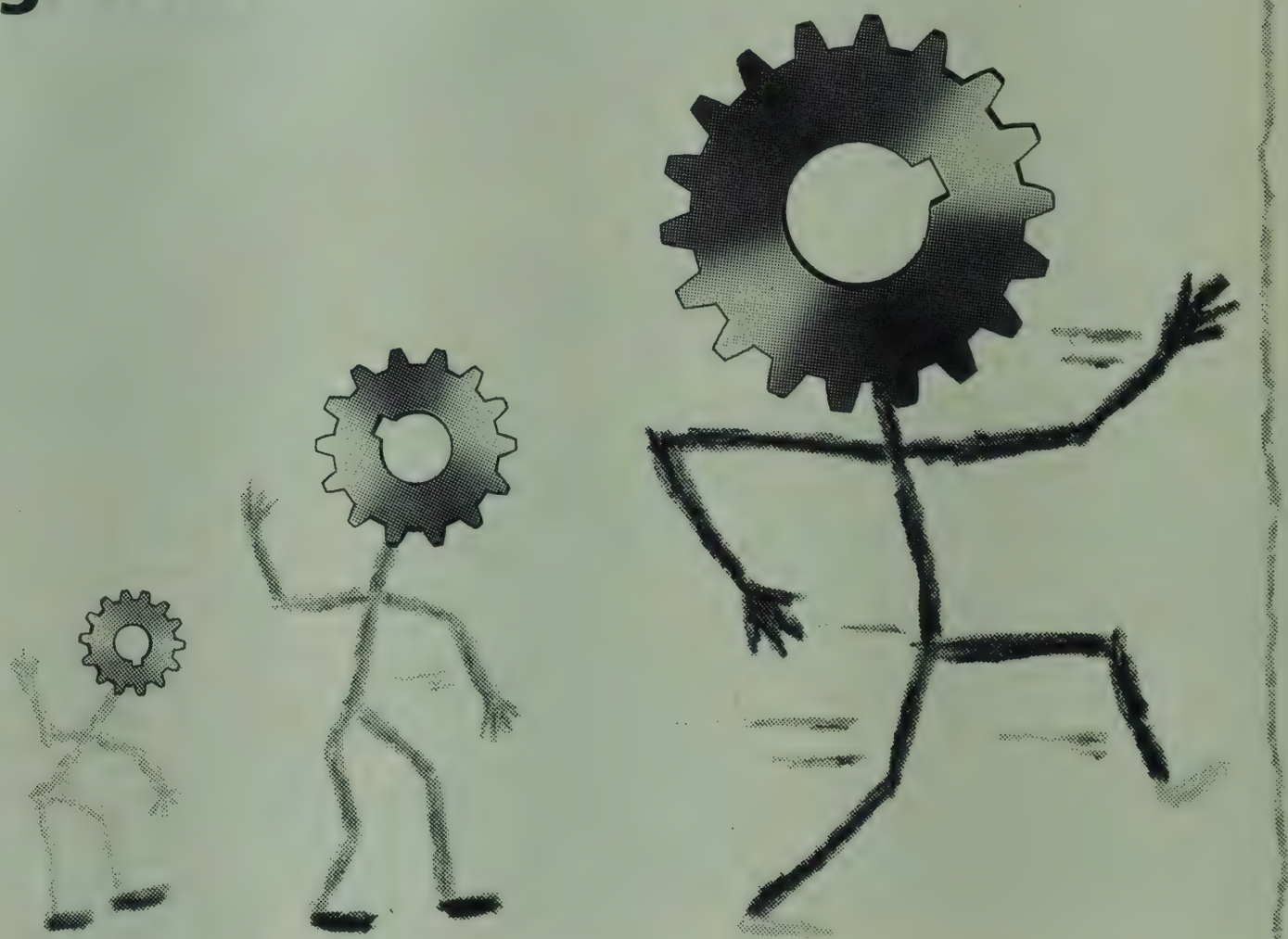
Updating projections. Even on the export front, projections are being updated. Against an earlier eighth plan projection of 1.3 million tonnes (mt) of hot-rolled coil exports, it is now hoped that as much as 2.5 mt will be achieved. Says Ray: "From the ninth plan period, I want to make this largely an export-oriented plant."

Along with qualitative improvements, production targets are also being raised. By 2000, BSP will be rolling out 6 mt of steel annually as against an earlier proposed 5.4 mt. Rated capacity is also expected to jump from the current 89% to 100% within six months.

But the main hurdle to Ray's plans will be finance. The total requirement for modernisation, taking into account the cost increases due to delays,is now Rs 1,100 crore. Says Ray: "This (money) is a big question mark." To get some of the plans going, BSP is trying to internally generate about Rs 200 crore. That obviously is not enough. With the current funds crunch, the government is not in a position to cough up too much. Ray's success may depend on whether he manages to raise the capital.

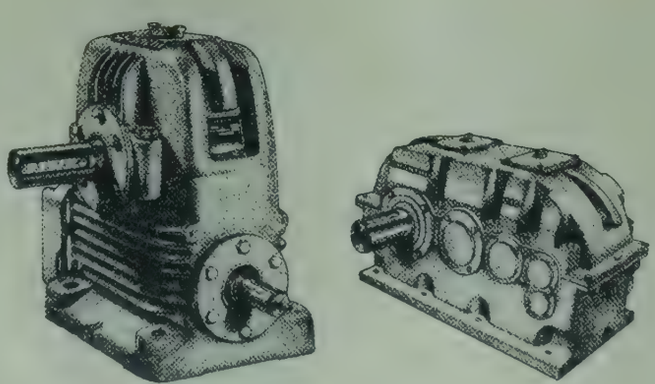
□ George Skaria

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NEWS BRIEFS

■ **Engineering Products (India)** has bagged a Rs 40 crore contract from the Tamil Nadu Electricity Board to set up a 2,400 tonnes per hour (tph) coal-handling system. The system will be installed at the north Madras thermal power plant near Madras. The project is being funded by the Asian Development Bank.

■ **Oriental Containers**, which is into metal packaging, is diversifying into petrochemicals. The company has commissioned India's first plant to manufacture N-pentane using indigenously-developed technology.

■ The Indian Farmers' Fertiliser Cooperative (**IFFCO**) is to set up a Rs 500 crore phosphoric acid unit at Kandla (Gujarat) to overcome the shortage of the acid, which is used in the manufacture of fertilisers.

■ **Thomas Cook** of the UK is likely to raise its stake in its Indian associate Thomas Cook India to 51% from the present 40% says *The Economic Times*. This may be done either through a rights issue with preferential allotment to the British parent company or through open market operations.

■ The **Bhilwara** group is making a foray into steel. It is setting up a Rs 400 crore, 5 lakh tonnes per annum (tpa) plant to manufacture flat products. According to group chairman L.N. Jhunjhunwala, the company was in the process of finalising plans with the intention of beginning work on the project by March 1992.

JHUNJHUNWALA: *New inroads*



■ Stewarts & Lloyds of India Ltd (**SLIL**), a Tata associate, has been referred to the Board for Industrial & Financial Reconstruction (BIFR) as a potentially sick unit. This is because over 50% of its net worth has been eroded and the company has posted a Rs 2.39 crore cash loss during 1990-91.

■ The Rs 230 crore polyester filament yarn (PFY) project of the Calcutta-based **Poddar** group has been put on hold according to *Financial Express*. Financial institutions led by the Industrial Development Bank of India (IDBI) have advised the group to go slow on its plans for the PFY project, says the report.

■ The Sree Niwas Bangur group of Calcutta is making its debut in software and bulk drugs. The group's flagship company Bangur Foundations Ltd (**BFL**) has acquired another Calcutta-based company Xitiz Exim. The latter, apart from developing and exporting software, makes two bulk drugs.

■ The public sector Hindustan Aeronautics Ltd (**HAL**) has sought permission from the government to set up a joint venture software company with British Aerospace (BAE) of the UK. The new company will develop advanced engineering software initially for BAE, and later on, for export to the European and North American markets.

■ The newly-formed National Power Transmission Corp (**NPTC**) will take over the transmission systems of Nuclear Power Corp and Neyveli Lignite Corp, according to NPTC chairman R.K. Narayan.

■ The Rs 40 crore Madras-based typewriter-manufacturer **Facit India** is planning a major revamp of its organisational structure and diversification into other consumer durables and office equipment, says *Business Standard*.

■ **IOL**, which received a letter of intent (LoI) from Hindustan Copper Ltd (HCL) for setting up a tonnage plant at HCL's complex at Khetri in Rajasthan, is now taking a second look at the project. According to IOL chairman M.M. Sabharwal, the review of the project had become imperative since the project cost had jumped from the earlier estimate of Rs 35 crore to around Rs 50 crore following the rupee devaluation.



SABHARWAL: *Having second thoughts*

■ The **Chhabrias** are all set to take over the sick Maharashtra-based Doburg Lager Breweries. Sica Breweries, an associate of Manu Chhabria's flagship Shaw Wallace, has accepted the BIFR condition that Rs 7.19 crore be pumped in to revive the company.

■ The Calcutta Electric Supply Corp (**CESC**) of the RPG group is setting up a 100% export-oriented textile unit at Baramati (Maharashtra). The Rs 40 crore project is scheduled to go on stream in April 1993.

■ Birla Technical Services (**BTS**), a division of National Engineering Industries of the C.K. Birla group, is making a joint bid along with a German consortium for a DM1.6 billion (Rs 2,256 crore) steel project in West Asia, according to *The Business & Political Observer*.

DCM SHRIRAM INDUSTRIES LTD.

Speech by Dr. Bansi Dhar, Chairman at the Annual General Meeting of the Company held on August 23, 1991 at New Delhi.



DR. BANSI DHAR

It gives me great pleasure to extend to you all a very warm welcome to this Annual General Meeting of your Company.

The Directors' Report and the Audited Accounts of the Company for the period ending 31st March, 1991 have been with you for sometime and, with your permission, I will take them as read.

Pursuant to the approval by the Delhi High Court of the Scheme of Arrangement for DCM Ltd., your company comprises of Daurala Sugar Works, Shriram Rayons and Hindon River Mills. This was the first year of operations after the restructuring and we have achieved satisfactory results. Consequently, your Directors have pleasure in recommending a dividend of 20%. I am confident that in the years to come, your investments in this Company will continue to appreciate.

BOARD OF DIRECTORS

DCM Shriram Industries being a new company, one of the first steps we took after restructuring was to strengthen the Board of Directors with the induction of eminent people with vast business and financial acumen. I am sure that your Company will benefit greatly by their experience.

One of our directors, Shri Om Prakash, unfortunately passed away recently. He lent his wide experience and maturity to the operations of the Company, and we shall miss his wise counsel and advice.

NATIONAL SCENE

During the past two years, the country has passed through a period of political instability and economic decline. The unfortunate and dastardly assassination of former Prime Minister Rajiv Gandhi earlier this year was a severe blow to the nation. Rajiv Gandhi's vision of a modern and vibrant India remains to be fulfilled, and I am confident that the people of this country will continue to strive to achieve this goal in the forseeable future.

We are today at the crossroads and it is important for all of us to forget our differences and work for the common interest of the country. It is also important that leaders from all walks of life arrive at a consensus on major economic issues rather than taking narrow parochial stands, so that the Nation can once again progress in the face of global competition.

In trying to find the right path, we could do well to learn from the recent transformations taking place in Russia and Eastern Europe, which confirms that a market led economy is in the larger interest of the country. Political will and courage of the highest order is required to give shape and implement pragmatic policies which are the need of the hour. A silver lining is the fact that the Indian economy and its people have, from time to time, demonstrated remarkable resilience and strength in face of adversity.

The Govt. is displaying sagacity and maturity in dealing with the problems and has already taken some bold steps to bring back the economy on the rails. The new Industrial Policy and the measures in the recently announced Budget are intended to remove some of the structural imbalances. These need to be followed up and accomplished quickly. One hopes that the process of unshakling the industry from the "Permit Raj" will continue.

Some measures that could help to overcome the problems and accelerate economic growth are:

(i) The progress that the country has made is being eroded by population explosion. The resultant tensions are leading to a deterioration in law and order situation. There is an urgent need to evolve a long term POPULATION POLICY which would arrest the growth in numbers and help improve the quality of life of the common man.

(ii) We cannot achieve a significant increase in exports in each and every industry sector in a short period of time. With an approach of selectivity under which a filip is given to selected thrust areas, the country could earn valuable foreign exchange rapidly. India is endowed with vast agricultural potential, natural and mineral resources and good technical and managerial manpower. These could be mobilised for rapid growth of exports. This will also create new employment opportunities.

(iii) Industrial development is a key to economic growth of the nation. The developmental institutions have to ensure adequate and timely availability of finances. Some recent reports about tightening of debt: equity ratio and promoter contribution norms are disturbing. Instead of encouraging growth, such steps will only retard it. If these steps are taken due to scarcity of funds with the developmental institutions, it may be desirable that these institutions divest their substantial holdings in the equity of various private sector companies.

OPERATIONS

Friends, you would naturally be interested in knowing the plans of the company. The units have been in operation for decades and it will be our endeavour to utilise their inherent strength, goodwill and reputation to achieve growth through expansion, technology upgradation and diversification.

Daurala Sugar Works is the oldest operating unit of the undivided DCM Ltd. The plant was set up in 1932 but in spite of its age, it is today one of the most modern plants in the country with a crushing capacity of 5800 TPD. We have applied to the Govt. for expansion of the capacity to 8000 TPD.

At Daurala, we also produce alcohols and a range of fine chemicals and drug intermediates. This complex is the nucleus around which we are pursuing growth in these fields. Work is in hand on a drug intermediate project. It is proposed to implement this through a new company, Daurala Organics Limited. Commercial production is expected to commence by the end of 1992.

Shriram Rayons, the second unit in our fold, was started in 1965. The demand for rayon tyre cord has been declining over the years. Your management has put in concerted efforts to identify pockets where Rayon Tyre Cord can still be used. We have been successful in developing markets abroad and the unit has been able to improve exports in the face of international competition.

This may be a short-lived market. We are therefore endeavouring to look at other areas where we can take some synergy advantage for furture growth. Towards this end, we are actively pursuing a Nylon Tyre Cord project which will utilise part of the infrastructure already available. Necessary Government clearances have already been obtained. In order to make use of surplus viscose capacity, we are also looking at the possibility of manufacturing Rayon Filament Yarn.

The third unit, Hindon River Mills was established in 1972. After restructuring, our efforts to upgrade the plant and marketing operations have begun to show results. I am glad to inform you that we are now able to export yarn once again. Much more needs to be done to further improve the performance which will include replacement of some machinery with more modern ones.

The new policy initiatives taken by the Govt. will open up new opportunities in the face of international competition. Businesses will have to optimise the utilisation of resources, improve quality, bring down costs and endeavour towards fuller utilisation of human potential. In such an era, investment decisions and the quality of management would be crucial to the success of any business. I would like to assure you that your Management is fully alive to these vital issues.

ACKNOWLEDGEMENTS

Before concluding, I would like to convey my sincere thanks and gratitude to my colleagues across the company for their dedicated efforts, the Financial Institutions and our Bankers for their whole-hearted and unstinted cooperation even in the most difficult of times, the Govt. of India and the State Govts. of U.P. and Rajasthan for their guidance and support.

I finally extend to you, dear Shareholders, my sincere and heartfelt gratitude for your continued confidence and encouragement.

N.B. This does not purport to be a record of the proceedings of the Annual General Meeting.

DCM SHRIRAM

Sugar • Tyre Cord • Textiles • Yarn • Alcohols • Chemicals

DAURALA SUGAR WORKS • SHRIRAM RAYONS • HINDON RIVER MILLS

■ **Vindhya Telelinks**, a leading telecable manufacturer, is planning a diversification into paper, says *The Economic Times*. The company has taken this move to reduce its dependence on the department of telecommunications (DoT) which is a near-monopoly buyer of these cables, says the report.

■ **Sona Steering Systems**, the largest manufacturer of steering gears in India, is to undertake a Rs 21 crore expansion-cum-modernisation plan. This includes a Rs 4 crore proposal to manufacture propeller shafts and a Rs 18 crore one to make axle assemblies.

■ **Shriram Pistons** is implementing a project to manufacture engine valves in collaboration with Fuji Valves of Japan at Ghaziabad. The project will involve an investment of Rs 8 crore in the first phase and production is expected to commence in March 1992.

■ Tata Industries will have three non-executive directors on the board of **Peico** as part of the strategic alliance between the two companies. The Tatas will hold 10.4% of the total equity of Peico after the debentures to be alloted to Tata Industries are fully converted.

■ Hino Motor Co of Japan is planning to source several auto components, including the 'W' series engines from the Madras-based **Ashok Leyland**, says *Business Standard*.

■ Workers of **JK Cotton** have decided to form a cooperative to take over and run the sick and closed mills of the company.

■ The BIFR has ruled that the sick Sharp Edge Ltd (**SEL**) should be merged with Indian Shaving Products only as a "last resort." The Board has asked the Industrial Credit & Investment Corp of India (ICICI) to prepare a rehabilitation package for the ailing company.

■ **Hindustan Ciba-Geigy** is planning a foray into the detergent sector, according to the chairman of the company M.N. Karani. The company is implementing an LoI for the manufacture of speciality chemicals for detergents.

■ Lurgi GmbH of Germany has agreed to lift the entire output of IG Petrochemicals (**IGPL**) as part of the technical and financial agreement with the company. IGPL has been promoted by Mysore Petrochemicals and Lurgi.

AWARDED

■ **D. Lakshmi**, an R&D engineer and the current head of the simulators division of Bharat Electronics, has been awarded the 'Outstanding Woman Professional Award' of the Federation of Indian Chambers of Commerce and Industry Ladies Organisation (FLO) for 1990. She shares the award with R. Sankaran of Defence Food Research Lab, Mysore. The award has been given in recognition of the high order of her professional capabilities in the area of technology.

■ Bombay-based management consultant **P.V. Satyanarayana** has been conferred the Shiromani Vikas



SATYANARAYANA (R): *A pat on the back*

Award in recognition of his work in the area of research and documentation of industrial information and its dissemination. The award is given once a year to about 20 persons in diverse fields such as music, journalism, sports, management, social service and the like.

■ The Bombay Management Association (**BMA**) has been awarded the 'Best Management Association' trophy for the second year in succession by the All India Management Association. The award is in recognition of the services rendered by the BMA for the enhancement of management as a profession for the betterment of industry and society.

■ The Kirloskarvadi plant of Kirloskar Brothers Ltd (KBL) has received the coveted and internationally-recognised **ISO 9001** certificate. The certificate, the most comprehensive of the ISO 9000 series of standards formulated by the International Organisation for Standardisation, is awarded to organisations after a stringent assessment of its complete quality management system.

RELEASED

■ **Standard Chartered Bank's** NRI (non-resident Indian) services arm has published a book on *Indian Taxation for NRIs*. The booklet explains and outlines tax concessions available to NRIs, and also covers tax administration in India and the implications of double taxation-avoidance agreements.

For further details contact: Manager (NRI services), Standard Chartered Bank, New Excelsior Bldg, A.K. Naik Marg, Bombay 400 001.

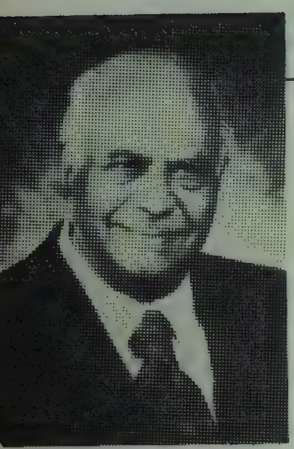
EVENTS

■ The Indian Society of Lighting Engineers (**Isle**) will host the 23rd conference of the International Commission on Illumination (**CIE**). A plenary session of the CIE is held every four years to take stock of international developments/research in lighting and to plan for the future. The next session will be held in New Delhi in 1995.

■ The Mining Geological & Metallurgical Institute of India (**MGMI**) will hold an international conference on 'Management of Mine Mechanisation in India and Abroad' in Calcutta from 27-29 January 1992.

For further details contact: Parimal R. Doshi, Mining Geological & Metallurgical Institute of India, 29 Jawaharlal Nehru Road, Calcutta 700 016. Tel: 291751/9077. Fax: 749070. Telex: 21-7828 COMP IN.

CHAIRMAN'S SPEECH



Cav. Dr. G. K. DEVARAJULU

Speech delivered by
Cav Dr G K DEVARAJULU,
Chairman,
at the 28th
Annual General Meeting
of the Company
held on
22nd August, 1991.

LMW

Ladies and Gentlemen,

I have great pleasure in welcoming you all to the 28th Annual General Meeting of your Company.

ECONOMIC SCENE

Textile industry in India is well-known for its cyclical ups and downs. After the longest crippling recession of 7 years, past 3 years marked an upswing registering a new high in production, domestic sales and exports. Textile machinery industry also reflected this buoyancy. The turnover for the industry rose from Rs. 531.80 Crores in 1989-90 to Rs. 998.37 Crores in 1990-91 - a phenomenal rise of over 90%.

The production of spinning machinery has gone up by 119% over the last two years, both in terms of value and quantity : from 0.9 Million Spindles in 1989-90 to 1.8 Million spindles in 1990-91 with corresponding increase in back process machines.

But this buoyancy is no more. Due to the acute shortage of cotton, contributed by a poor crop and an untimely export, the prices have climbed up to uneconomical levels thus rendering the exports of yarn unprofitable. In the face of an anticipated famine for cotton during the end of this year, mills may prefer to convert the available funds for their working capital requirements, rather than for lifting of new machinery.

Another disturbing factor that continues is the spiralling increase in the cost of raw materials and components. The very high level statutory levies like Central Excise and Sales Tax, the devaluation of the Rupee by 20%, regulatory measures like cash deposit for opening a Letter of Credit, increase in the interest rate of import credit are all bound to hike the cost of production which will render any investment in capital equipments beyond the reach of average mills. The impact of abolition of the Cash Compensatory Support and the insistence of imports through REP Licences will affect the profitability of exports and also increase the cost of imported inputs.

Government of India's liberalised Industrial Policy contains many bold initiatives like scrapping of industrial licensing, removal of mandatory convertible clause of term loans from financial institutions into equity, liberal approach to foreign investments etc. This is a welcome package. There is a greater reliance on the market, a bold attempt at deregulation and a desire for modernisation and globalisation.

On the other hand, the Budget served a few punches. The increase in Corporate taxation and the reduction in depreciation rates would result in increased tax liability.

However, I note with satisfaction that the Tamilnadu Government has taken initiative to give the much needed boost to the industries in Tamilnadu and I am sure the increased subsidy, tax holiday, deferment of Sales Tax will go a long way in this regard.

PERFORMANCE & PROSPECTS

Profits and Dividends

During the year under review, the Company has achieved a turnover of Rs. 269.53 Crores and a net profit of Rs. 15.91 Crores. These results were achieved mainly due to the flexibility in the product line, effective cost control measures at all levels in spite of an upward spiral in the cost of inputs.

Your Directors have recommended a Dividend of 30%.

Textile Machinery Division

Technology Upgradation : In line with its established policy of upgradation of technology, during the year under review, your Company has introduced new Mixing Bale Opener, Unimix and Bale Press and manufacture of advanced version of Open End Rotor Spinning Machine in collaboration with M/s Schubert & Salzer is on.

Customer Service : The Customer Service Cell is continuing its good work in spare parts sales, service and training of mill personnel.

Exports : During the year under review, your Company again set a new record with a turnover of Rs. 40.57 Crores.

We have bagged top level National Awards from the Textile Machinery Manufacturers' Association and Engineering Export Promotion Council.

Joint Venture

Government of India has approved your Company's investment in M/s Pugoda Textiles Lanka Ltd., Sri Lanka. The performance of the Mill is satisfactory.

Machine Tool Division

During the year under review, the Machine Tool Division has marketed 24 nos of CNC Lathes and Machining Centres. The products are well received.

Industrial Relations

Industrial relations throughout the year was cordial and the excellent results were achieved with the whole-hearted co-operation of employees at all levels.

ACKNOWLEDGEMENTS

The unstinted help and support we have received from the Central and State Governments, Financial Institutions and our bankers have contributed significantly to our operations. I gratefully acknowledge their assistance.

To my colleagues on the Board, I am grateful for their valuable advice and support.

I wish to record our regard to the memory of Padma Bhushan K. Sreenivasan, Director, who passed away on 5-7-1991. His advice and service to your Company will always be cherished.

Our Collaborators, M/s Rieter Machine Works Limited of Switzerland, M/s Mori Seiki Co Ltd of Japan and M/s Schubert & Salzer of Germany and our Selling Agents, M/s Voltas Limited, M/s Super Sales Agencies Limited and M/s Alfred Herbert (India) Limited have played their role admirably in achieving these results. To them I extend my heartfelt thanks.

In the final analysis, the vital resource in any organisation is its people. I thank the employees for their commitment for the Company's growth.

May Goddess Lakshmi continue to bless and guide us in all our endeavours.

Thank you all for gracing this occasion.

Note : This does not purport to be the proceedings of the Annual General Meeting

THE PLANT FACTOR

H. P. RANINA



The Finance (No 2) Bill 1991 proposes to reduce the depreciation rates on the value of plant and machinery from 33.3% to 25%. Hence, any asset which is classified as plant will now get a lower amount of depreciation than before. However, buildings are entitled to a very low depreciation rate of just 10%. Certain structures can be classified as plant, in which case the higher rate of 25% is available. The circumstances under which this is possible were discussed by the Delhi high court in the case of *R.C. Chemical Industries vs CIT* (135 *ITR* 330).

Here, the assessee, who was a manufacturer of saccharine and other allied chemicals and essences, set up a new factory comprising of various buildings. In one of these, he installed plant and equipment. He claimed a development rebate in the assessment year 1969-70 not only on the value of the plant and machinery but also on that of the new building where the machinery was installed. His contention: saccharine required specific conditions for manufacture; therefore he had constructed a building with the particular specifications and standards to instal the machinery and plant. However, the claim was disallowed on the grounds that a building was not includible in the definition of plant and machinery.

The counsel for the assessee had relied on the decision of two cases — *Barclay Curle & Co* in the House of Lords and *Kanodia Cold Storage* in the Allahabad high court. However, the court held that the two above-mentioned cases were completely distinguishable on facts for the following reasons.

In the first case, the House of Lords observed that the function of a dry dock was similar to that of a hydraulic tank. The dock acted like a large vice for holding ships in position while they were repaired or cleaned.

It was observed that in the case of the hydraulic chamber, as valves and pumps were used to vary the volume of water to raise and lower a ship, the electricity generators and also the concrete structure were an integral part of the functioning of the dock as an entity. Therefore, the House of Lords held that the concrete structure fulfilled the function of plant. The dock was not a "mere setting or premises in which ships were repaired," but the "means by which the operation was performed," and not a "mere shelter or home."

In *Kanodia Cold Storage's* case, the Allahabad high court held that where a building with insulated walls was used as a freezing chamber, it was a part of the air-conditioning (AC) plant of the assessee's cold storage and thus entitled to special depreciation on its written-down value. The court observed that in common parlance the word "plant" included within its ambit buildings and equipment used for manufacturing purposes.

Since the definition of "plant" in s.43(3) was inclusive, something which could be normally included could not be excluded. However, the finding that the particular building was a part of the AC plant of the cold storage was based on the inspection and observation of the tribunal members that it was impossible for the cold storage plant to function without the freezing chamber with the special cork-insulated walls.

The Delhi high court then referred to the other decisions and culled out the important principles which have been succinctly set out in the following words:

- "The definition of 'plant' in s.43(3) should be given a wide meaning as it is an inclusive definition.
- "All buildings are not 'plant' despite the dictionary meaning which includes buildings; but a building or structure is not per se to be excluded from the ambit of the expression 'plant.'
- "If the concrete construction or building is used as the premises or setting in which the business is carried on in contradistinction to the fulfilling of the function of a plant, the building or construction or part thereof is not considered a plant. The true test is whether it is the means of 'carrying on the business' or the location for so doing.
- "In order, for a building or concrete structure, to qualify for inclusion in the term 'plant,' it must be established that it is impossible for the equipment to function without the particular type of structure.
- "The particular apparatus or item must be used for carrying on the assessee's business and must not be his stock-in-trade. The matter has to be considered in the context of the particular business of the assessee; for example, books are a lawyer's plant but a bookseller's stock-in-trade."

Applying these principles to the facts in the case of *R.C. Chemical Industries*, the court held that the building in which saccharine and other chemicals were manufactured could not be treated as plant because the structure was merely a setting in which the manufacturing activity was carried on.

The aforesaid decisions of courts clearly lay down the distinguishing tests for determining that a structure is plant and not a building. The classification of plant is still advantageous though the rates of depreciation on plant have been reduced, because a building can best be depreciated under income-tax law at the rate of 10% on its written-down value.

A structure can be classified as a plant if it is a means of carrying on business and not just a location for doing so



• *The author is a Bombay-based advocate.*

Corporate gifts acquire a wider dimension.

THE PRESENT TREND

You don't have to say it with flowers or fruits any more; corporate gifts have come out of the groove. So far events like festivals, anniversaries, birthdays and other occasions did not throw up much choice for companies who would mostly present the traditional mithai or dry fruit box or cash. The options that are available today are not only varied but innovative. And offering gift manufacturers a single platform to woo this potential segment is Giftex 91. This is the fourth year that the exhibition has been running and most of the participants have been displayers from the start.

Says Trade and Technology Exposition Co director Vickram Sethi: "The participation has doubled this year and at least 5,000-7,000 traders are expected from the western region alone." He is the man behind the idea and has many firsts to his credit in the field of expos. "We did the first office automation expo," he explains. "A lot of imitators followed suit so we shifted track and had a property expo." That, says Sethi, was a great success as was the freight and transportation exhibition organised by him last year.

Sethi's main business is the family-owned Safset which is one of the biggest forwarding agencies (group turnover: Rs 35 crore). He also ran *Indian Shipping Review*, a magazine on shipping and allied trade which did not fare too well and was sold off only to close down.

Varied participation. Giftex 91, held in Bombay, had 150 stalls and all were booked. Participants included companies hawking leather goods, clocks, glassware and thermoware, gift vouchers and confectionery and the like. "A lot of organisations have placed orders, especially pharmaceutical companies who are big gift-givers," says Sethi.



SETHI: *Man of many gifts*

A new twist was given this year by instituting awards for the most innovative products in different categories. The panel of judges included Morarjee Mills joint managing director Urvi Piramal, noted painter Laxman Shresta, RPG Enterprises chairman Harsh Goenka and society columnist Shobha De. The National Nippo electric rice cooker, Vivara luggage and travel accessories and Pyramid clocks were some of the prize winners.

Next on the cards for Sethi is an art show slated for March 1992. The idea is to provide a forum for interaction, this time between artists and the large business houses who buy their work. The venture will start with the exhibition of 10 established artists after which other not-so-well-known artists will be given a chance to display their talent. "This will ensure that companies are convinced that they don't have to necessarily buy paintings at Rs 5 lakh each and that there are other equally good investments at lower prices," says Sethi. More such innovative exhibitions are in the pipeline; Sethi seems to have a gift for such things.

Aiesec conducts a stockmarket simulation.

NOT A BEAR GARDEN

It had the intensity of the stockmarkets, but with a difference. The environs were a lot more aseptic. The market was in a computer. Trading was over the phone. And the brokers were young, anxious and enthusiastic. Pray, when did the yuppies overrun the stock exchanges? Relax, nothing has changed. Welcome to Stock Wars: a computer-simulated stock exchange game organised by the students of the Madras chapter of Aiesec.

Aiesec is the French acronym for the International Association of Students in Economics and Management and is the world's largest non-profit, entirely student-run organisation. Headquartered in Brussels, Aiesec was founded in 1948 and has today spread its tentacles to over 72 countries and 650 cities with a membership upwards of 60,000 students. The organisation had its genesis in India in 1981 and has established 10 local chapters in nine

cities with the national headquarters in Bombay. The objectives are to bridge the gap between the student community and the corporate sector and also enhance a student's theoretical knowledge with practical management skills. Aiesec endeavours to be truly international and promotes international traineeship programmes where students flit across the globe and work for companies in countries other than their own. For example, from the Madras chapter, a student of Loyola College went on a traineeship to IBM, Tokyo, and after his stint at IBM will stay on in Japan to work for Hitachi. Similarly, a Spaniard is now doing a stint in Madras with pain balm-makers Amrutanjan.



THE YOUNG BULLS: *Enthusiastic*

Active chapter. The Madras chapter of Aiesec has been fairly active in organising management games for the benefit of its members and also the general public. Recently it organised the stock exchange game, aggressively called Stock Wars. Points out the local chapter president L. Harish: "It was primarily because the Indian stockmarkets have been the catalysts of growth that our country has witnessed during the past decade."

Trading and transactions for Stock Wars took place over the telephone over a three-day period when the students played brokers. All transactions were keyed into a multi-terminal on-line computer information network. Stock Brain, the computer software which was used, has been developed at Tata Consultancy Services, Madras.

Every participant in the game was given an equal cash holding of Rs 1 lakh and was allowed to overdraw to the maximum extent of Rs 25,000 from a fictitious bank. Enquiries about the details of ones portfolio could be obtained over the phone. The players received three bulletins on each day of the game with news likely to affect share values. The person with the highest investment holding in terms of market prices at the end of the game was declared the winner.

The entire programme, including financial details of the fictitious companies, was developed by the students of Aiesec themselves. Comments Aiesec member Harish Menon: "It has helped the players to feel the pulse and excitement of the stockmarkets without the risk of burning their fingers." A good way to blood young bulls, what?

CMA meets the training needs of smaller firms.

MANAGING A TRADITION

Like any other voluntary body, a management association stands or falls with the dedication and enthusiasm of those at its helm. In its 33 years, pioneer Calcutta Management Association (CMA) has had its share of ups and downs. Right now, though, with Nandita Sen as its president for 1991-92, the up-phase predominates.

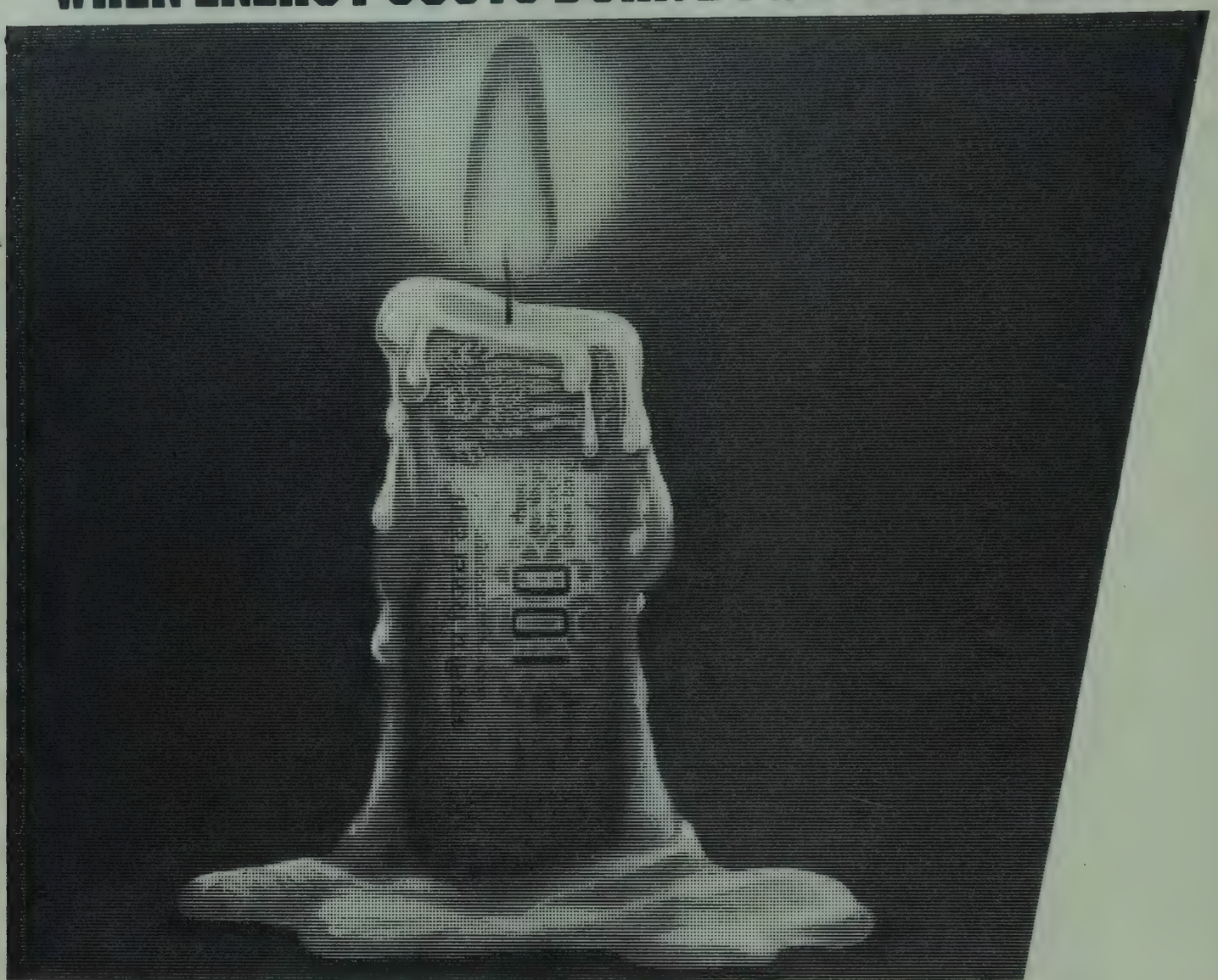
Partly, this is because the present environment presents industry with an explosion of opportunities, leaving associations like CMA with fertile ground to play the role of facilitator. Reasons Sen: "Industry must now learn to manage and cope with change. As a whole, we are underprepared for handling the opportunities and facing the threats; hence we are very vulnerable."

The way out, according to her, is for Indian industry to upgrade its skill levels very quickly. Also, managers must learn to be leaders and entrepreneurs rather than mere functional specialists, if they are to blossom in a competitive, market-driven environment.



SEN: *A sense of tradition*

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Good response. This is where bodies like the CMA come in. While large companies might be able to both afford as well as set up in-house management development programmes, smaller firms can turn to management associations for help in meeting their training needs. Sen says that CMA has begun organising tailormade evening programmes in priority areas like marketing and exports, aimed at middle-level managers. "We are consciously trying to be more relevant," she explains. Predictably, CMA has received a great response.

Incidentally, it is not widely known that the CMA was the very first management association of its kind in the country and acted as a precursor to the New Delhi-headquartered All India Management Association. Therefore, Sen has a tradition to uphold. But then, as an ITC group vice-president and a lawyer-cum-chartered accountant to boot, she understands full well what traditions are all about. CMA's forthcoming programmes ought to confirm this.

APL is all set for expansion.

LEADING WITH LEAD?

The exotic and hazardous world of zinc and lead derivatives has Calcutta-based Associated Pigments Ltd (APL) as one of its leading denizens. This Rs 22 crore company is presently embarking on an expansion and diversification project at an estimated cost of Rs 7 crore. One leg is an expanded, 7,500 tonnes per annum (tpa) capacity lead oxide plant at Malwan (Uttar Pradesh) while the other is a 12,000 tpa manufacturing facility for refined lead and lead alloys at Panskura near Calcutta.

At present, lead is imported — and therefore costly. Says APL managing director Rajiv Nandan Sahaya: "In fact, this is the basic reason why we have taken the plunge into lead." Besides, this non-ferrous metal also yields a chemical called litharge, which finds use both in the automotive battery and TV picture tube industries.

Small-scale activity. An allied imperative was that, of late, zinc oxide manufacture has become predominantly a small-scale activity. With excise duty disadvantages, it has become unproductive for APL to produce zinc oxide, its hitherto staple product.

But isn't lead a hazardous substance to handle? "Yes," admits Sahaya. He explains that in order to abide by stringent pollution control norms, APL has entered into an agreement with Broken Hills Associated Smelters of Australia for technical assistance. According to him, manufacturing refined lead from scrap is a difficult job especially when the end specification is practically equivalent to virgin lead.

However, once properly and safely processed, lead has numerous uses — and a concomitant brisk demand. Prime users are battery-makers Chloride; also, lead oxide is used in areas like bulbs, tubelights and cables. "Given that lead is an import-substitution product, one knows for certain that there will be no dearth of demand," says Sahaya.

As far as raw materials are concerned, APL will import scrap, a step which is now easier owing to the decanalisation of this item. Only about 40% of the company's scrap requirement is available locally. Says Sahaya, "There is no alternative but to import scrap, of which there is a tremendous shortage in the country."

For refined lead, the demand-supply gap is estimated at a whopping 25,000 tpa. As such, APL's entire production will not bridge even half this gap; so Sahaya does not see marketing as a need. With pollution consciousness in developed countries at an all-time high, not surprisingly APL is also getting overseas enquiries. A Japanese query for 8,000 tonnes of lead oxide is a case in point.



SAHAYA: *No need for marketing*

Unfortunately, APL will not be able to export because home demand has to be met first.

What of the future? "We are working on a number of projects related to chemicals and non-ferrous metals drawing on our existing strengths," says Sahaya, who prefers to keep these "excellent opportunity areas" under wraps. Only when APL gets its new product lines going — at the end of the day, turnover will triple to Rs 65 crore — will Sahaya reveal more. The secrecy is calculated to keep him in the lead.

Rahul Bajaj

ON WHEELS OF SUCCESS

Jawaharlal Nehru's admirers frequently requested him to suggest names for their children and he apparently enjoyed the task. He was specially fond of "Rahul" and had decided to save it for his own grandson. But he had to give it away, in 1938, to the son of his close friend, industrialist Kamalnayan Bajaj. Indira Gandhi's first-born had to settle for Panditji's second choice: Rajiv.

Fittingly — albeit coincidentally — Rahul Bajaj was to name his first son Rajiv; and Rajiv Gandhi's son was christened Rahul.

Being the scion of a wealthy, influential family didn't inhibit the young Rahul at school (Bombay's Cathedral & John Connon). By all accounts, he was an out-going lad, always in the thick of things. "I normally stood first in class... I was prefect, house captain, captain of the boxing team... and what not!" He was also a table-tennis player of some repute. His cousin Niraj would later become national table-tennis champion. Says Rahul: "He probably won't admit it, but he got his inspiration from me!"

He went on to do his graduation from St Stephens, later acquiring an honours degree from Delhi University. By his own admission, he was something of a man about town. "I fooled around quite a lot, those days. My friends and I would go out to coffee houses, restaurants... Of course I had girl-friends; but none of them broke my heart and I certainly didn't break theirs." He rode about on a Vespa, his prized possession; only one other student at St Stephens owned a scooter.

The fooling around had to stop, perforce, when he completed his graduation. Back in Bombay, Rahul was put through the grind, working for Bajaj Electricals even as he studied law at the Government Law College. He followed a punishing schedule: "I used to leave early in the morning, at 7.30 am, for the lectures, go to work straight from college and come back home at 8.00 pm." The years of easy living were over.

FALLING IN LOVE

But he did find time to meet and woo Rupa Gholap, who had just won the May Queen title. Daughter of L.T. Gholap, then chairman of the Bombay Port Trust, Rupa lived down the (Carmichael) road from the Bajaj residence. Rahul met her at a friend's party and promptly "flipped."

Clearly love-struck, the industrialist-to-be bombarded his lady with phone calls, pleading for dates. His persistence wore down whatever defenses she may have had. Besides, she did find him "happy-go-lucky, extroverted and attractive — much more than he is now." The courting lasted eight months.



THE BAJAJ CLAN. (CLOCKWISE FROM TOP LEFT) RUPA, RAHUL, SUNAINA, SANJIV & RAJIV: *Riding well*

When the question of marriage arose, however, they were confronted by a single hurdle—Kamalnayan Bajaj.

Rahul's father pointed out that the girl came from a westernised family and was fairly modern in her outlook. He felt she wouldn't be able to adjust to life at the Bajaj home. He suggested, Hindi-film-style, that the two stay apart for a couple of years, not meeting each other. But he did finally give them his blessings; Rahul and Rupa were married in December 1961.

By that time, Rahul Bajaj had joined Mukand, one of his father's companies, where he worked as a lowly purchase officer. He was given no special perks. His father refused to give him a car to travel to work. Kamalnayan relented after a while, but Rahul's mother didn't. At Mukand, he was an employee, nothing more. A year later, he was packing his bags, ready to leave for Harvard Business School. He returned, armed with an MBA, in mid-1964 and "started looking around, wondering what to do."

By this time, the family had established an industrial empire, so he had a lot to choose from. Kamalnayan didn't push his son into any one company. He didn't even insist that Rahul should go into business. "My father said: 'Do what you want to. Somebody else can take care of the business.' "

In the end, Rahul chose Bajaj Auto. "I didn't want to get into something like sugar because that was an old industry, rife with politics. Bajaj Auto was different. It was in a new field. And I wanted to get into manufacturing."

What followed is already part of Indian corporate history and doesn't need repeating. The happy-go-lucky youth metamorphosed into a canny businessman, turning his fledgling unit into a highly-successful, much-admired corporation — one of the three biggest two-wheeler manufacturers in the world.

Once he had made up his mind about his future, Rahul Bajaj turned to his father for guidance. On the surface, the two men had little in common. Kamalnayan was from the old school, greatly influenced by Jamnalal Bajaj, Vinoba Bhave and Mahatma Gandhi. "My father grew up in an ashram at Wardha; and I went to a convent school in Bombay." Besides, till the age of 20, Rahul was essentially a mama's boy.

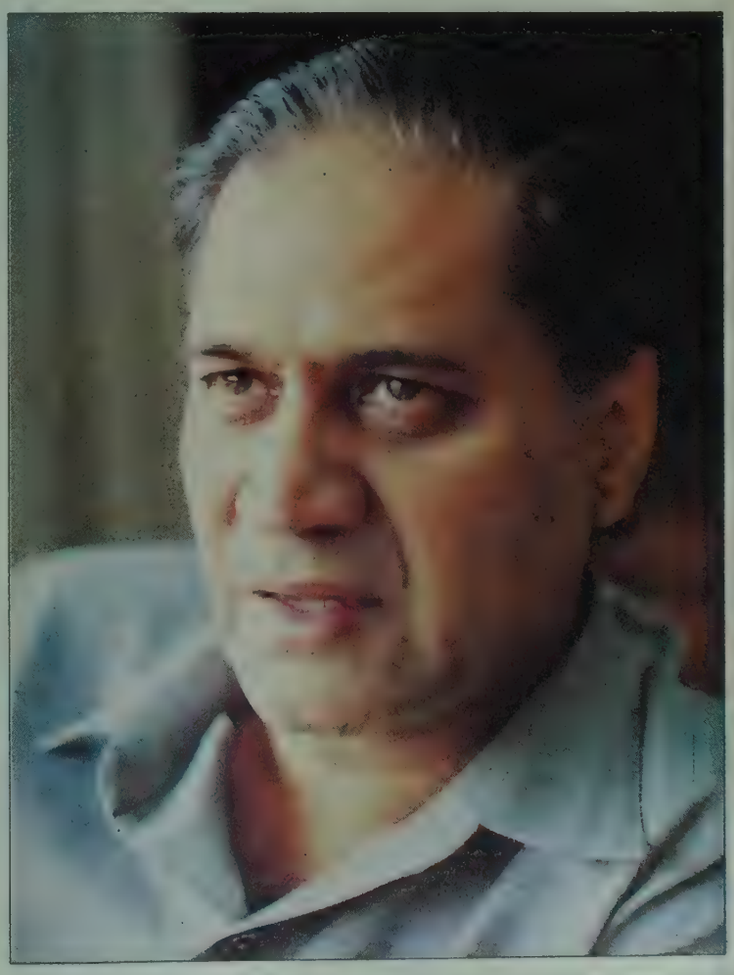
But the elder Bajaj taught his son important lessons. "First, he taught me to think; you can be very intelligent and still fail if you don't think carefully, go into the depth of every matter. Secondly he taught me about business ethics — not that I follow all of them. He was a practical man, not a stupid fool; so he understood how difficult it is to be ethical when others are not. But he maintained that it was in the long-term interest of any company to follow the code of ethics. And finally, he taught me to be, or at least try to be, the best in whatever I do."

These homilies were usually delivered at the dinner table. The two men would sit down to eat at 8.00 pm and continue talking till the wee hours of the morning.

His father's basic simplicity and philosophy of life rubbed off on the young sophisticate. "I am not a philosopher. I am a man of action. I believe my actions should help me achieve my objective, which is to be happy. This might sound simple, even naive. But I believe that one's actions should also contribute to the happiness of one's family."

Judging by his workstyle, he doesn't seem to have much time for that last bit. Rahul Bajaj is a compulsive workaholic; he spends most of his weekends (in his case Thursdays) looking forward to Fridays! And he doesn't





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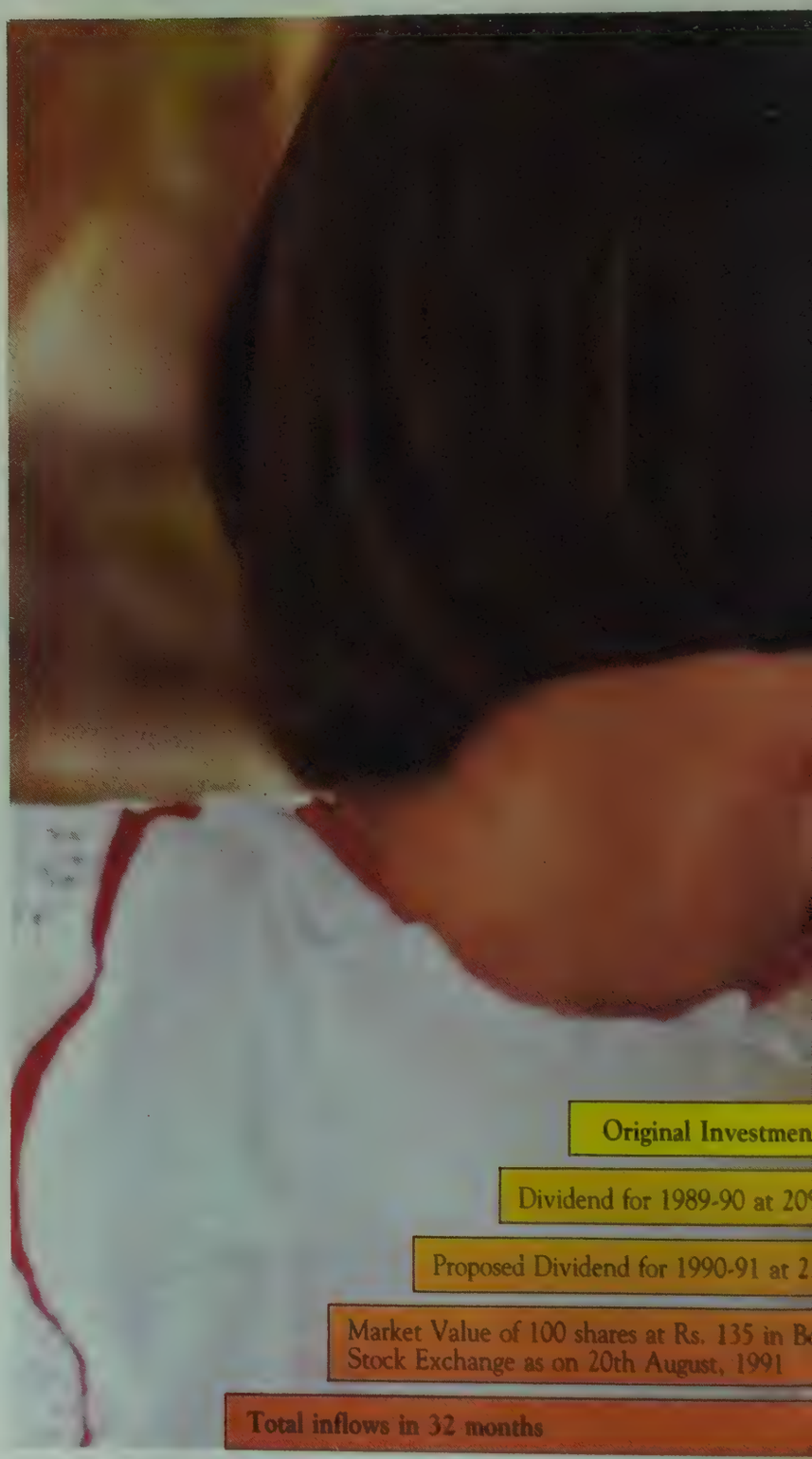
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■

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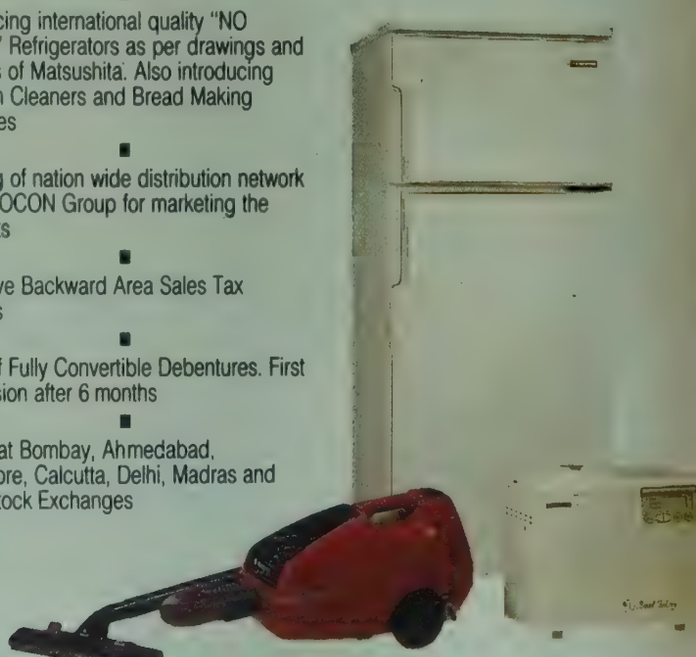
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Risks as perceived by the Management
Competition from existing manufacturers
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Cleaners

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first time in India. Marketing may require
special efforts

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importing raw materials will affect
profitability to that extent

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believe in vacations. "This concept that people should take holidays to enjoy themselves is a cliche. I believe in enjoying my work. Between 1965 and 1984, I took only four vacations."

But his first heart attack in 1984 slowed him down considerably. "I take things a bit more easy now. Earlier, when I went on a foreign tour, I'd finish my work in four days; now, I take seven."

Like all workaholics, he doesn't know how to spend his leisure hours. He reads magazines, "but not a lot." He enjoys English movies: "Westerns, spy thrillers, comedies," but can't remember the names of his favourite actors and actresses.

Bajaj isn't exactly the best-dressed industrialist around, but he strongly defends his standard safari-suit-Bally-sandals attire: "They're comfortable." At informal parties, he is usually attired in white *churidaar-kurtas*, accompanied by some of the world's best after-shave lotions. "I make it a point to use them liberally when the wife isn't around!" He drinks his favourite Scotch at such get-togethers, "but never more than two."

A STRICT DISCIPLINARIAN

It is in his office that Bajaj is most comfortable, relentlessly pursuing his ambition of making Bajaj Auto the world's largest scooter manufacturer. "I feel very strongly about the need to make at least a few Indian companies truly internationally competitive. Today, at least in the engineering industry, there is no such company. My aim is to make Bajaj Auto the world-leader in its field."

At work, he enjoys leading from the front. "If you don't work hard, you can't expect it from others. I've tried to provide leadership, vision." He is a strict disciplinarian at work, a quality he imbibed from his father who, in turn, picked it up from long associations with Gandhi and Vinoba Bhave.

He doesn't, however, extend this principle to his two sons and daughter. At home, it is the lady who enforces the discipline. Complains Rupa Bajaj: "He is lenient with the children... and I've acquired the image of a Dragon-Lady." A hands-on manager at work, Bajaj is surprisingly hands-off with his children. Says Rajiv: "Dad always says, 'My life is mine, yours is yours.'" Adds Sanjiv: "Of course, he always gave us all the motivation we needed." Expectedly, the boys accuse him of having a special soft-corner for his daughter, Sunaina.

His obsession for work doesn't always go down well at home. Says Rupa: "I feel he could give us more of his time." The trouble, she says, is with his time management — or rather, with its absence. "He finds it difficult to be punctual."

At 53, Rahul Bajaj is too young to think in terms of retirement. So it will be a while before he appoints an heir to his empire. Right now, he's keeping an open mind on the subject. "If I find a scarcity of competent people within the family, I would definitely take somebody from outside. But both my sons have shown the essential qualities. Rajiv is working with me; Sanjiv should finish his studies soon. And there are others — my brother, my cousins..."

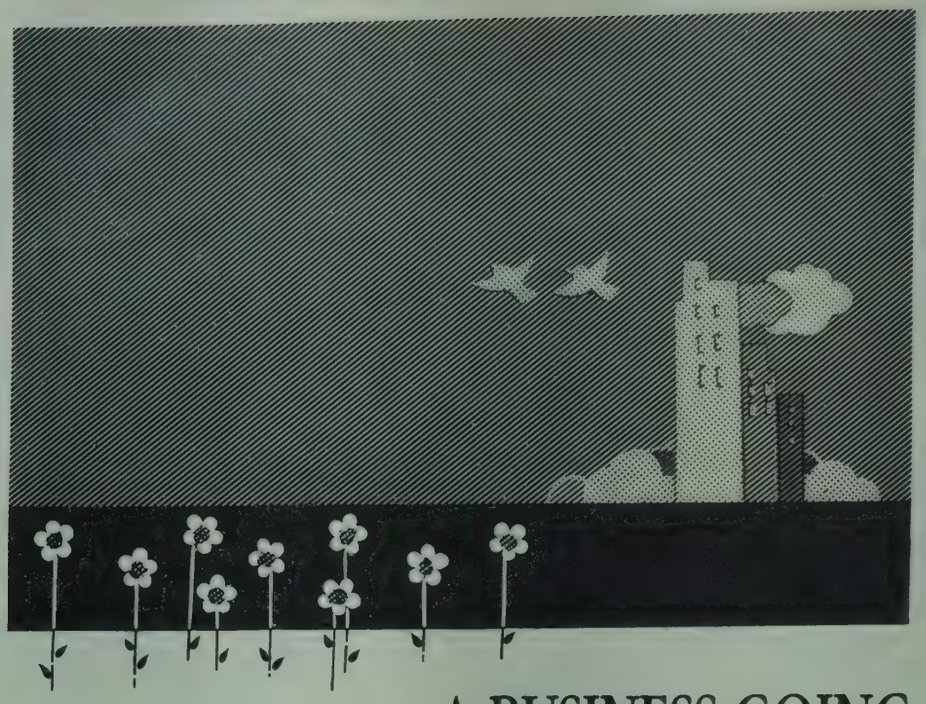
Sunaina isn't being left out of his future plans. "From my side, there has never been any discrimination. The children should do whatever they want to do. But Sunaina isn't very business-like, although she is on par with the boys in every other respect. I wouldn't want my son-in-law to work in this company; he would be called a *ghar jamai*."

For all his sophistication, there seems to be a trace of male chauvinism in Rahul Bajaj. Women, he says, should take care of the homefront. "I think that's a bloody important role."

Whoever inherits his crown will have a lot to live up to. Just as Rahul once had to match his father's standards. Then again, could he have made it this far if he hadn't been an industrialist's son? "I think I would have reached the top in any good, large company... although perhaps not as early as I did here."

But he has got what it takes. Which is why Bajaj Auto is where it is today the third largest two-and-three-wheeler producer in the world.

□ Chhaya Balachandran



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NOT A GASBAG

A lot of hot air, one may say. But hot air is precisely what Madras-based manufacturer of inflatable equipment Neptune Inflatables runs on. A big fish in the manufacture of inflatable liferafts, lifejackets and inflatable lifeboats for the Indian Navy and merchant shipping, the mercurial Neptune is set to take a bow in the consumer market with a dazzling array of products. And managing director Pradeep Ranganathan is confident of making waves.

With good reason. First to be set afloat in the domestic market is a range of water beds. (Water beds are big sellers overseas; in India, the waters have not been tested much.) Inflatable bath tubs, home swimming pools, inflatable jacks for automobiles and inflatable furniture will set sail in the water beds' wake.

Founded in 1983 as a partnership between two technocrats, Pradeep Ranganathan and S.N. Natarajan, Neptune has been in the business of inflatable equipment for six years. It has, however, been catering to a very specialised defence industry segment. Says Ranganathan: "We are an approved manufacturer for the Navy and Air Force for inflatable liferafts and lifejackets which conform to regulations in 182 countries." Specialised products, the rafts and jackets are made from tough nylon fabrics impregnated with a polymer.

The rafts are used by the Navy and Air Force aboard their planes and ships. Ranganathan explains that the material used should be capable of withstanding a 70 foot drop into the ocean, weathering temperatures of -30°C to 70°C and must survive exposure to salt water and sunlight for 30 days at a stretch. With this kind of a specialised expertise in inflatable equipment which has to pass through stringent defence tests, Ranganathan decided last year to take a plunge in the consumer segment.

Still a greenfield area in India, Ranganathan will have to create a market for his products. And he's sanguine on that count. Says he: "Inflatables are a $4 billion industry in the US with over 300 manufacturers and an annual growth rate of 22% a year." And he's hoping some of those weighty figures will rub off on the Indian market. A detailed market survey that Neptune had commissioned in five metros estimates that the market for water beds is a sweet-sounding 1 lakh pieces a year.

Water beds or water-filled mattresses is a concept that Ranganathan hopes to sell in a big way. Presently used widely on medical advice, water beds support the body with equal pressure over the whole area of body contact and have proved invaluable in the prevention of bed sores for chronically bed-ridden patients. "But it is the leisure market that I want to tap as there is nothing more restful than sleeping on a water bed," claims Ranganathan. The beds will initially be launched in Bombay and the south. Obviously more expensive than an ordinary mattress, the water beds are made from translucent nylon or PVC (polyvinyl chloride). The PVC is treated to inherently prevent the growth of algae in the water and a conditioner is supplied along with the bed which allows the water to stay unchanged for at least six months.





AN INFLATABLE JACK & RANGANATHAN (INSET): *Going the whole hog in inflatables*

Neptune's initial tieup was with Dunlop of the UK and today it is the agent for some of Dunlop's bigger inflatable products. The possibilities with the reinforced nylon fabric are limitless. Neptune has an order from the ministry of human resources development to deliver 400 inflatable planetariums. A 25-seater with special projectors, the planetarium can be moved about from place to place. "This concept can be extended to make inflatable shelters which stand in for godowns and the like," explains Ranganathan. For defence requirements, Neptune is also planning to diversify into submarine escape suits which are presently being imported and also anti-gravity suits for fighter pilots.

As far as the jacks go, Neptune has recently bagged a $0.6 million order from a Malaysian company to deliver 20,000 inflatable jacks a year. The contract is a three year one with a 10% upgradation every year. And enquiries for the jacks are pouring in from the Gulf and Nigeria. As Natarajan points out, a comparable inflatable jack in the US would cost about $39 while Neptune is able to supply on a bulk basis at $24.

The current year should see a quantum jump in Neptune's financial figures. From a turnover of a mere Rs 1 crore in 1991, sales are expected to buoy up to Rs 6 crore with at least Rs 3 crore coming by way of exports.

Neptune is negotiating a tieup with an Italian company, Plastico Milano, to manufacture high-speed boats and other air-supported structures. "This tieup should come through in the next three months. It would basically be a transfer of technology with start-up assistance from them," says Natarajan. If plans pan out, Neptune will be integrating backward to make the nylon fabric in-house which it is currently buying from Shriram Fibres and Caprihans. Says Natarajan: "We're also planning medical products like inflatable splints and oscillating beds for patients and also things like automotive crash protectors." A small beginning, no doubt, but can Neptune match its inflated image with a matching bottomline?

□ Vinay Kamath

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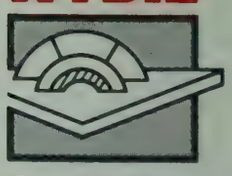
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IT'S ALL ABOUT WARMTH

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IN DEFENCE OF CONSULTANCY

WALTER E. VIEIRA

Today, management consultancy in the West is big business — not because it's fashionable but because it is a need. The emergence of giant corporations with diversified units, multinational facilities and transnational operations have all made "the management of a corporation" a complex task. No longer can one go by the rule of thumb. The executive needs help — that too specialised — at regular intervals and for short periods. But in India the situation is totally different.

In this country, just as it is normal to call in a doctor when one is very ill and self-medication has not helped, so also it is normal to call in a business consultant when the company has turned sick and is probably on the verge of liquidation. One seldom goes to a doctor for a complete checkup when there is no seeming need or agony; similarly, the practice of going to a business consultant to further strengthen the company is not widely prevalent.

But there are many reasons why a management consultant should be called in even when a company is in good health: to provide expertise which may not be available within the company; to provide an additional input which is required only for a short period and therefore does not merit a permanent or semi-permanent investment in the company's own personnel; to provide an objective "outside" sounding board for ideas; and to use an external catalyst or facilitator specially useful in bringing about change in organisational structure/culture.



However, company executives often call in a consultant for the wrong reasons. They may want a consultant to be the "axe-man" so that the blood of innocents in the organisation will not be on the hands of "insiders." They may want him to corroborate a decision already taken so that the responsibility is shared should things sour later on. Executives may angle for a consultant to lend weight to one side of the scale, when two factions hold opposing views. Or managements may just want to accommodate a retiring executive for a few years more; the only slot available in such cases is that of a "consultant."

But even after assuming a consultant has been taken on for the right reasons, there are many areas of executive-consultant dissonance. One such area is that of ego clashes. The executive is wont to feel that calling in a consultant is a reflection of his own knowledge and skills. Or rather the lack of these. It is only if the executive and the consultant have their "egos under control;" if they are always prepared to learn and have intellectual humility; and if they both look at final objectives — that the barriers that egos create will be brought down.

Another area of dissonance is payment. What does an executive say when he happens to meet a management consultant? Some snatches of conversation could be: "Can you give me a really good project? We want to diversify!" or "Can you find a good dynamic marketing director for us? I needed him yesterday!" These are casual requests which are as casually received, and naturally, the client never expects to pay for such services. He expects them to come free.



It hurts an executive to pay a consultant sums that are probably five to 10 times his own daily earnings. But he forgets that a consultant has to pay for his own office, transport, phone, secretary, holiday and provident fund, and is without the security of a corporate umbrella. Sometimes clients want to pay a consultant only if the product introduced is a success; only if the diversification has taken place well; or only if the candidate has been selected and recruited. Yet,it is unthinkable for the same clients in India to hire the services of a lawyer and pay up only if the case is won; or the services of a physician and pay only if he is cured.

Then there is dissonance in the area of selection. How does one select a consultant most appropriate to an assignment? What is his academic background, and his track record, his general reputation in the profession? In an environment where travel agents, junior personnel executives, district sales managers and a wide assortment of others — who sometimes cannot get jobs or are in between jobs or have retired — call themselves consultants, the client has to separate the grain from the chaff.

Finally, there is the dissonance that arises from the consultant not being available or able to implement the suggestions that have been made. He submits his report and disappears. Or the client will not want him involved in implementation so that he can save money on additional consultancy payments. If the client and consultant have their objectives clear and enjoy a good understanding between themselves, there will be no conflict about implementation. Both will help ensure that the final goal is achieved.

Thus it is both, the executive (who knows how to select the right kind of help) as well as the consultant (who can give it) who can contribute substantially and benefit an organisation.

• *The author is a Bombay-based management consultant.*

The Indian silk industry cottons on to Germany.

EXPORT DESIGNS

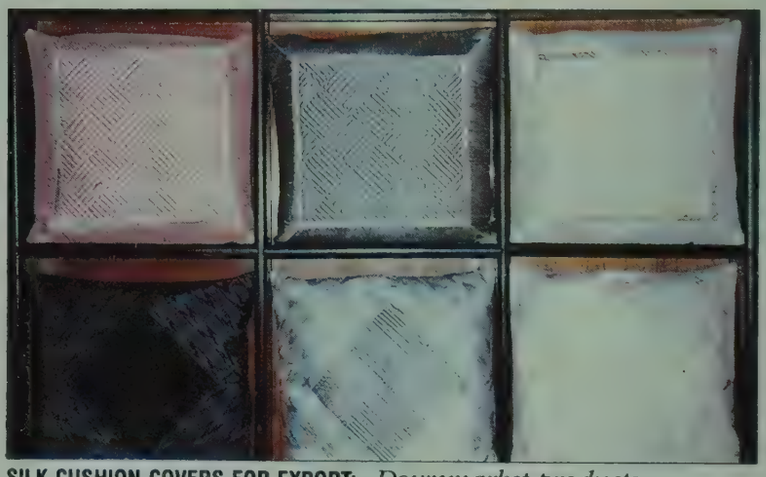
Notwithstanding abundant natural resources and numerous manufacturers and exporters, the Indian silk industry has been unable to take full advantage of the booming demand in Europe. Particularly Germany where the major market is for blouses for women and shirts for gents. This is the considered view of Dietrich Kebschull, coordinator, Indo-German Export Promotion (IGEP) Project, a joint programme of the Union commerce ministry and the ministry of economic cooperation in Bonn.

The German market for silk and silk products is currently placed at Rs 1,000 crore, out of which India's share is a measly Rs 60 crore — far below that of China, the world leader in silk. "India can easily double silk exports to Germany over the next two years," says Kebschull. But there are a few hurdles to be crossed first. Says project manager Jurgen Schraft: "Indian manufacturer-exporters should realise the importance of improving and maintaining quality, keeping pace with changing fashions, and timely delivery combined with systematic and aggressive marketing."

According to Kebschull, most Indian silks are not washable — they have to be drycleaned, an expensive affair. "An Indian silk tie may cost 20 marks in Germany but you have to pay 14 marks to dryclean it!" The other drawbacks are the inconsistent and fading colour of Indian silk products, and their coarse texture. These shortcomings should be seen in the context of the fact that China has lately come up with a washable silk which has, on the surface, the feel of velvet. Overall, the quality of Indian silk is just about average — in sad contrast to the superior products from China and Thailand. Besides, points out Kebschull, Indian exporters seem to be more keen on undercutting prices among themselves rather than competing with Asian rivals. Interestingly, out of some 1,400 silk manufacturers in India, 4-5 account for nearly half the exports to Germany.

"A large domestic market could be one of the major reasons for India's rather poor export showing in silks vis-a-vis the potential," says Kebschull. "Also, Indian exporters pay little attention to creating brands." Currently, Indian silk product exports mainly comprise downmarket cushion covers and scarves.

Adds fashion consultant Romy Winter: "What Indian manufacturers-exporters lack is information — current information. They need to know well in advance the trends in fashion in Germany and elsewhere in Europe and tailor their products to suit the requirements. India should try and create an identity for itself. The days of copying (designs) are over."



SILK CUSHION COVERS FOR EXPORT: *Downmarket products*

Bright prospects. On the brighter side, in the first six months of 1991, the balance of trade with Germany has turned in India's favour for the first time ever, and this surplus is expected to grow during the year. According to Schraft, 75% of German consumption of textiles is imported and this situation will continue. This obviously means prospects for stepping up export of Indian silk and silk products to Germany and to the European Community are bright. For its part, the IGEP is doing its bit to promote Indian silk in Germany.

Established in 1988, the IGEP's objective is to reduce India's trade deficit with Germany. IGEP mainly advises small- and medium-sized industries in the private sector wanting to export. It offers updated information to producers and traders on overall market conditions for unfettered trade with Germany. Besides, technical courses, technology transfer and consulting services are offered in production, quality control, design, planning and marketing. Assistance is also offered in finding long-term business partners and promoting connections with German producers.

As part of an exercise to promote Indian silk exports to Germany, IGEP recently held workshops in Delhi, Bombay, Calcutta and Bangalore in association with the Indian Silk Export Promotion Council and the Indo-German Chamber of Commerce and Industry. Says Winter, one of the resource persons: "My job was to offer Indian firms some tips on how to go about creating distinct designs from basic inputs; how to mix and match colours. I also offered a forecast on colours and fabrics from the viewpoint of the forthcoming Interstoff fair." IGEP will hold similar workshops in India twice a year.

According to Kebschull, who is Delhi-based, the devaluation of the rupee and the liberalisation drive — particularly the trade policy — could boost export of Indian silk and silk products. "Last year India lost an export order of Rs 70 crore because of bureaucratic regulations and shortage of foreign exchange. But looking at recent changes in policy, the Indian government does appear to be on the side of exporters today." With its coffers so empty, it better be.

□ N. Raghavan

NEWS BRIEFS

■ The government has ordered a review of all procedures and regulations for **small** and **tiny units**. The new set of procedures, which will be drastically simplified, will be announced within three months.

■ The Union government has rejected the states' demand to reintroduce price controls on **cement**. As many as three states — Uttar Pradesh, Haryana and West Bengal — had demanded the reintroduction in view of the rising prices of cement following decontrol in 1989.

■ Imports of **cars** and other vehicles has been placed under the open general licence (OGL) category subject to certain conditions. The customs authorities will now clear these imports without a customs clearance permit (CCP).

■ The government is likely to open up the **telecom** value-added services to the private sector, says *The Economic Times*. The services include computer networking, telex and video conferencing.



MUKHERJEE: *Focusing on infrastructure*

■ The **planning commission** has identified the creation of infrastructure and consolidation of the gains of past investments as the major thrust areas in the eighth five-year plan, according to the vice-chairman of the commission Pranab Mukherjee.

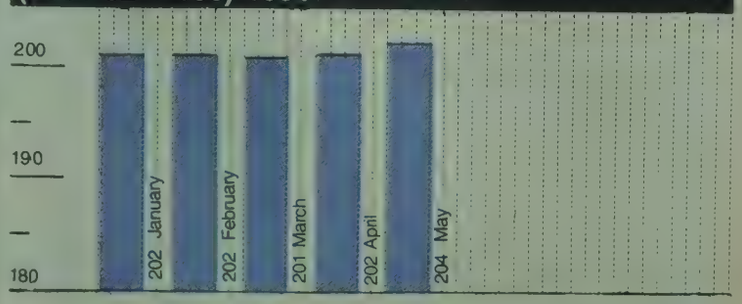
■ The Standing Committee on Public Enterprises has urged the government to set up a separate bench under the Board for Industrial & Financial Reconstruction (BIFR) for exclusive handling of cases relating to **sick public sector units**.

■ The import of **second-hand capital goods** will not be allowed under the new procedures for foreign investment.

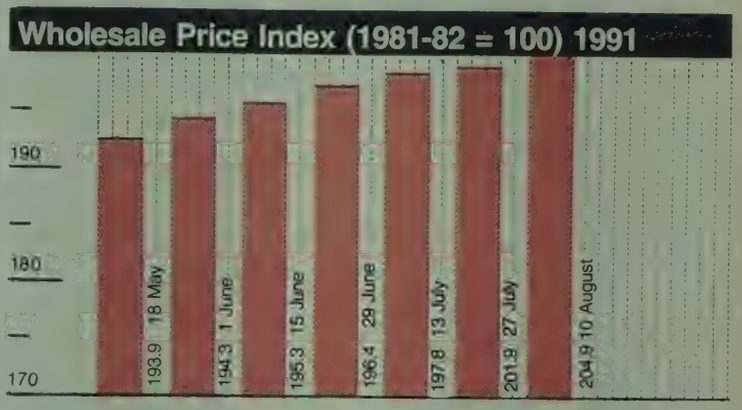
Foreign Exchange Rates (Spot) 1991

	26 August (Rs)
One P. Sterling	43.40
One US Dollar	25.81
One D. Mark	14.77
One hundred J. Yen	18.80
One Saudi Riyal	7.16
One Kuwaiti Dinar	90.61

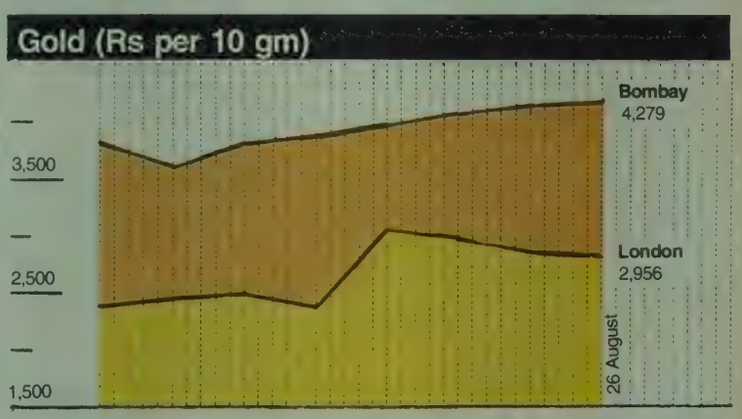
Consumer Price Index for Industrial Workers (1981-82 = 100) 1991



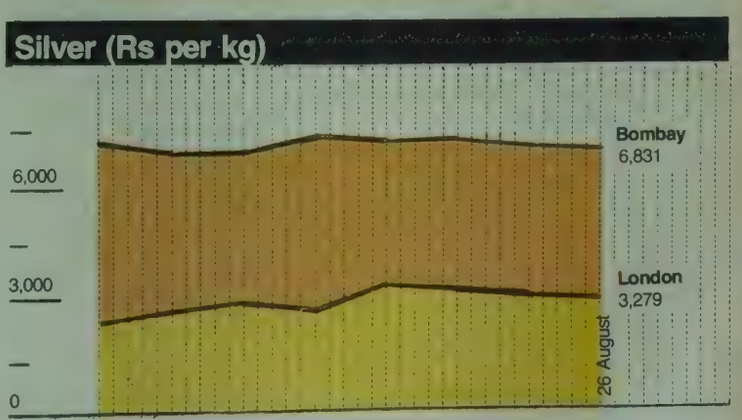
Wholesale Price Index (1981-82 = 100) 1991



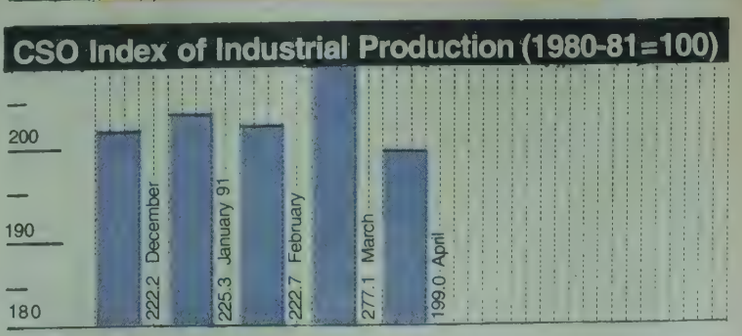
Gold (Rs per 10 gm)



Silver (Rs per kg)



CSO Index of Industrial Production (1980-81=100)



TAX EVASION IN STYLE

For the independently-wealthy individual — grudging every dollar, pound, peseta or rupee paid to the taxman — the possibility of ever being able to live beyond the pale of taxes and laws must seem an impossible pipedream.

But not so. For a price, private consultants are willing and able to tailor individual status plans which can legally make a person immune from taxes, governments, lawsuits, hassles — and even ex-wives. (To a resident Indian, tied up with only one passport and a non-convertible currency, the entire gameplan may seem unreal. But with decontrol round the corner, today's absurdity may well turn out to be tomorrow's reality.)



The basic plank of this stunningly ingenious strategy, in a nutshell, is to prepare the person's 'paperwork' in such a way that all governments will consider him (or her) a tourist. In other words, the individual creates for himself the status of a 'perpetual traveller' (PT). By no means does this entail a great deal of travelling; the key lies in achieving the status of a perpetual traveller rather than in the act of being perpetually on the move.

How does one actually ever achieve this status? According to some very persuasive — and expensive — literature available on the subject, no universal rules are laid down. Each case has to be made to design, depending on the candidate's wealth, personal needs, interests and business compulsions. However, indicative generalisations are possible, of which some of the more interesting ones are described below with the caveat that since not all of them are necessarily legal everywhere, aspiring PTs stand forewarned.

The first question that arises is naturally that of where a PT should live. What should he, or can he, call 'home'? The answer: domicile is normally a question of personal intention, not of physical presence. Thus, a person who calls a certain place 'home' can travel elsewhere for years, but his domicile will stay the same.

True, some tax havens, notably Monaco, have fairly strict rules to the effect that to obtain a resident's card one must actually be physically present six months a year. But many other tax havens don't issue residence cards or even keep track of their citizens. Residence is proven by such things as a mailing address, telephone listing, an apartment lease, driving licence, bank accounts or house deeds.

Basically, to achieve tax haven domicile, one rents or buys suitable accommodation, arranges for appropriate identity documents, and establishes a means whereby telephone messages and mail may be held or forwarded. Bank accounts are opened, credit cards are obtained, and the move is more or less complete.

Generally, two additional steps are also taken. First, consultants recommend that all assets be expatriated from one's former country. Ownership is now vested in nominee banks, trusts, corporations or agents, while funds are managed from one or more fiscal tax havens.

Secondly — and this is a critical step — one or more passports are obtained from countries that do not tax non-residents. It is of course legal and possible for citizens of most countries — but not India, yet — to obtain one or more passports without giving up their present citizenship. According to one estimate, approximately 10% of the US population holds dual nationality. Interestingly enough, current US law allows Americans to hold onto their US citizenship and passports even if they take an oath of allegiance to another country.

How difficult, or easy, is it to get a second passport? Again, available literature is persuasive: many countries 'sell' passports inasmuch as the wording of their laws describe entrepreneurs, financial benefactors, treaty traders and special investors in government loan paper as being welcome new citizens. The bottomline is usually the same: ante up sums ranging from $10,000 to $0.1 million and you can obtain an almost instant passport.

Some countries reportedly offer 'instant' citizenship if one's ancestors were nationals or if one is of a certain race or religion: Thailand, if one is Buddhist; Israel, if one is Jewish; or Lebanon, if one is a displaced Muslim. Consultants aver that most countries have "well-established but little-known" procedures for issuing passports "under circumstances which some observers might regard as loopholes." Their skill, obviously, lies in knowing these 'exceptions' and advising prospective PTs accordingly. As of May 1991, goes one claim, perfectly legal programmes existed in Uruguay, Paraguay, Ecuador, Honduras and the Dominican Republic.

The field is as fascinating as it is treacherous.

A British publication after duly cautioning readers that such passports could well be forgeries or stolen, irresistibly goes on: "As a general rule, cabinet ministers or legislatures (even in the US) can waive residence requirements for 'outstanding citizens who will make material contributions to the country and reflect glory upon their new nation.'" All this seems to mean is that if you are not a criminal and can prove it with a clean police record from wherever you live now, and if you are willing to spend the necessary cash, you can get a second passport, driving licence, among other things, all legally, and all by mail. The price of getting a private law passed just for you in a major, respectable European country might be $0.5 million. In South America, it is closer to $25,000, in Africa $5,000.



SWITZERLAND: *Money haven*

Actually, possessing a legally-valid second foreign passport is only one of the so-called five critical attributes of a PT. Briefly stated, a PT is urged to spread his assets and allegiance to five 'flags' as follows:

- **Business bases.** These are where the PT makes his money. Also, these must necessarily be different from where the PT legally 'resides,' that is his fiscal domicile.
- **Passports & citizenships.** These should be from countries unconcerned about offshore citizens or what they do outside borders.
- **Domicile.** This should be a tax haven with good communications preferably with bank secrecy and no threat of war or revolution.
- **Asset repository.** This should be a place from which assets, securities and business affairs can be managed anonymously by proxy.
- **Playgrounds.** These are places where the PT would actually physically spend his time.

Let's have a quick look at what "experts" recommend. A convenient haven is the Channel Islands, a British protectorate in the English Channel which is actually closer to France than to Britain. Bank secrecy laws here are said to be tougher than Switzerland's, and its government is pitched as "perhaps the least intrusive of any nation on earth." Another is the Alpine principality of Andorra, wedged between France and Spain: no taxes whatsoever, labour unions strictly forbidden and the banking sector unregulated.

Yet another is Gibraltar, fast becoming the preferred European tax haven for offshore corporations. This sovereign British crown colony is slated as "one of the best places in the world to register your tax haven company, your trust, your car, yacht or airplane." Other possible choices: Monaco, Lichtenstein or Bermuda.



THAILAND: *A haven for Buddhists*

Want to gain immunity from taxes, governments and lawsuits? Individuals can achieve this by becoming perpetual travellers

What about famous Switzerland? Those who claim to be in the know aver that Switzerland is not a tax haven but it is certainly the world's greatest money haven. Residence permits are difficult to obtain, and non-residents can only buy small amounts of Swiss real estate. The country is not too hospitable to domicile seekers. Nevertheless, one can spend up to six months each year in Switzerland as a PT, legally remaining a tourist instead of a taxpayer. And it is still "the world's safest place for one's money."

The typical PT, therefore, could well be a citizen of Andorra, domiciled in Bermuda (with a Bermudan second passport), whose business interests are held by a network of offshore companies owning ultimate parentage to a trust-owned Gibraltar company, and whose personal assets lie reposed in a Channel Islands trust. This person would be a foreigner in every single country of the world — even in Andorra he would be a Bermudan. His wealth, without limit, would be untaxed; he would also enjoy the unfettered freedom to invest wherever he wants. His original parentage is irrelevant.

The fascinating PT concept boils down to making an individual the equivalent of a 'one-man multinational,' enjoying the sort of benefits which multinational corporations have. Contemporary literature also describes the PT as an 'individual sovereign' because in every jurisdiction he is a 'foreign' person with 'foreign' assets.

Parenthetically, one might add that such sovereignty is not wholly farfetched. It is now reasonably established that the Bank of Credit & Commerce International (BCCI) actually succeeded in achieving the unique status of a global bank operating in 70 countries but with no original answerability to a central bank. Technically, what went commonly as BCCI was a network of separate companies bearing similar names (BCCI Holdings, BCCI Overseas, among others) incorporated in far-flung locations (Luxembourg, Abu Dhabi, Cayman Islands, et al). As a result, we have the curious spectacle today of BCCI being under liquidation in several countries while in a few, what is ostensibly the same organisation is still open.

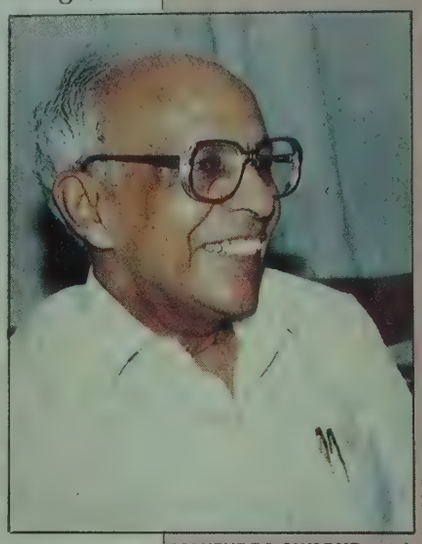
But as the saying goes, while it's easy to get rich, it's darned difficult to stay rich. For eager beavers in the latter category, the PT route offers a charming solution. For most of us, though, both the solution and the 'problem' which must precede it — that is being independently wealthy — necessarily remains a mirage.

□ Sujoy Gupta

THE SWADESHI TANGLE

Gaurav Swarup of cash-rich Paharpur Cooling Towers is a frustrated man these days. With reason. Having bought a 25% stake in Swadeshi Polytex some seven years ago, the Swarups are yet to gain any significant toehold in the management of the company. What's more, their investment running into crores of rupees has depreciated by more than 50%.

This explains the drama that unfolded in the boardroom of this Ghaziabad-based polyester staple fibre (PSF) manufacturing company in the first week of August. Four of the six Swadeshi Polytex directors "dismissed" R. Ramakrishna as the company's chairman & managing director (CMD). Claims Gaurav Swarup: "I have nothing against Ramakrishna as a person but I am against the whole system. After all, I have a substantial investment in the company and I cannot see it going down the drain."



MAHENDRA SWARUP: *A battle royale*

It rankles even more because the Swarups are not accustomed to their investments going bad. Mahendra Swarup and his son Gaurav are known as canny market operators. The coup that thrust them into the limelight was when they were offered and applied for a large block of ACC debentures, when the issue was going undersubscribed. Later, they sold the shares at more than double the price to the Tatas. Today, they own shares in scores of companies. And the money-making modus operandi has been to sell off large blocks to interested parties or in the open market when the price is high.

No wonder, when the fight between the two brothers Rajaram and Sitaram Jaipuria broke out over the control of Swadeshi Polytex in the early-eighties, the Swarups quietly grabbed 8% of the company's equity and later enlarged their holding to 28% (see box). They tried their best to dispose of the shares to either of the Jaipuria brothers but failed. And today, there are no buyers at even half the purchase price. Worse may follow. The fortunes of the company are on the decline and the National Textile Corp (NTC) seems firmly in the saddle.

When NTC gained control over the company, it offered two seats on the board to the Swarup group. Two others were from the institutions and two from within the company. The CMD was the chairman of NTC who, in his primary job, has to look after the 134 NTC mills.

That seems a tall order and it is precisely the reason given by the Swarups for the dip in the company's bottomline. "Can a managing director run a company by spending just two hours a week?" asks Gaurav Swarup. "The company has become a playground for NTC. They appoint a managing director who is on the verge of retirement and he enjoys his perks," he adds.

Swadeshi Polytex, with an installed capacity of 10,000 tonnes, has the advantage of lower production costs because of its old, almost fully-depreciated plant. The company earned a massive pre-tax profit of Rs 18 crore in 1985-86. This figure declined to Rs 3.68 crore in 1989-90 and Rs 1.01 crore in 1990-91. And in the first three months of the current year, in keeping with the trend, the company has notched up a loss of Rs 1.92 crore.

Ramakrishna, however, says the pot is calling the kettle black. "Even if Swarup becomes managing director of this company, he also has many other businesses," he says. "If I have more businesses to look after, it does not mean I am neglecting any of them." He maintains that the dismal performance of the company is mainly because of the slump in the industry and poor management earlier. He puts the entire blame on Kuldeep Mehta, the former chief executive (corporate) of Swadeshi Polytex, whom Ramakrishna dismissed in June this year.

Says Ramakrishna: "He (Mehta) was not competent and, besides, was appointed without any board approval, perhaps under pressure from the Swarups. He neither worked himself nor allowed others to work. I was not informed about the position of the plant and other things." He further adds: "I tried to discipline him but failed. I took the decision to fire him when he suggested the sale of Rs 8 lakh worth of silver goods with the company to tide over the immediate cash crunch."

Mehta, of course, has a different tale to narrate. He says he was invited to appear before an interview board to consider him for the post of managing director of Swadeshi Polytex. "I was asked to join as chief executive and an assurance was given that I would be given the post of managing director later," says he. Thus, Mehta arrived on the scene in mid-1988.

"I was first to enter the plant and last to leave and have never taken leave in the past two years," says Mehta. On the silver deal, he explains: "I was asked to look at various ways of solving the liquidity

The Swarups bought shares in Swadeshi Polytex to make a quick buck. But their money-making plans have soured



BOARDROOM BATTLE

Though the players have changed, the battle continues. This is perhaps one of the longest boardroom fights in Indian corporate history. Where did it begin?

Sitaram Jaipuria was in control of Swadeshi Polytex after its inception in 1971, while his brother Rajaram looked after Swadeshi Mining and Swadeshi Cotton, the parent companies.

However, after a slump in the cotton textile industry and labour trouble, Swadeshi Cotton went into a bad phase. The government was forced to take over the company and later, in 1976, nationalise it. This left Rajaram high and dry and he started eyeing Swadeshi Polytex.

Swadeshi Cotton, being the promoter of Swadeshi Polytex, held 10 lakh shares (33.64%) in the latter. And Rajaram maintained that only the company had been nationalised, not the shares held by it. Thus, he said, he could vote on behalf of those shares.

Sitaram fought this argument and the matter reached the courts. In the meanwhile, Mahendra Swarup saw an opportunity to make money and bought up some 8% of the company's shares in 1984 from the open market. Rajaram received a boost when the courts ruled that he could vote on behalf of the shares held by Swadeshi Cotton. Sitaram, however, managed to survive Rajaram's attempts to remove him, thanks to the support of the financial institutions (FIs) which hold a 15.25% stake in the company. But with Rajaram in direct control of over 34% shares, the threat remained. Enter Swarup, who by then had enlarged his stake to 18%.

A deal. Though both the parties deny it, insiders say that a deal was struck between Sitaram and Swarup, according to which the former was to buy Swarup's shares after the 1984 annual general meeting (AGM) at substantially higher prices. Thus Sitaram survived the 1984 attempt. But he later refused to keep to his deal with Swarup, which prompted the latter to switch sides.

Rajaram, in turn, assured Swarup that he would buy the shares from him and, with his support, managed to gain control of Swadeshi Polytex, throwing Sitaram out. Later, he offered equal seats to Swarup in the boardroom. Though the offer was accepted, Swarup was unhappy with Rajaram and he further increased his stake by buying Sitaram's shares from his son Ashok Jaipuria, when Sitaram expired in 1985. With a 28% stake, Swarup, it is said, demanded Rs 110 per share from Rajaram, which the latter refused to cough up. And thus the duo started crossing swords from early-1986.

In the 1986 AGM, Swarup lost to Rajaram while the FIs voted to throw both the parties out. In the meanwhile, a Swarup associate filed a petition in the supreme court pleading that the actual owner of the shares held by NTC was the public sector and Rajaram had no right to vote on those shares.

On 12 February 1988, Rajaram's fate in Swadeshi Polytex was sealed, as the supreme court ruled that the shares actually belonged to NTC. On 12 March 1988, NTC took charge of the company and later offered two directorships to the Swarup group. But that is not sop enough for men accustomed to raking in the moolah. And with no one willing to touch the shares, continued boardroom battles are the only answer for the Swarup clan.

crunch and selling of silver was one of the options I gave to Ramakrishna." He also denies being a dummy of the Swarups.

Sources associated with the company see a different reason behind the sacking of Mehta, who has since gone to the courts. They say that Ramakrishna wants to become managing director of Swadeshi after his retirement in 1992 and sees a threat in Mehta. They also say that Ramakrishna has offered Mehta the vice-president's post. Other charges, too, are being aired. Ramakrishna denies all this. "I do not get a single penny from this company. The day the government wants me out, I will go," says he.

That, despite his "dismissal," may not be tomorrow. The 5 August removal was on the grounds that Ramakrishna had failed to acquire qualification shares of the company within the stipulated two-month period. Ramakrishna, in support, flashes share certificates transferred in his name within the stipulated period (dated 19 June 1991). The Swarup group, however, claims that the transfer has been backdated.

Throwing Ramakrishna out is not going to solve the Swarups' problems. The government can renominate Ramakrishna once again, even if he has failed to acquire the shares. Agrees Gaurav Swarup: "I have limited options today. If Swadeshi Polytex is to survive, it should be made a joint-sector company or NTC should withdraw from the management."

Another option for him is to try and ensure that the financial institutions, which have a 15.25% holding, remain neutral. This might mean a victory for him in a proxy war with NTC. With direct control of 24.9% of the equity and another 5% through V. Pasari of Fortune Leasing (said to be a Swarup associate), the Swarups are confident of mopping up proxies of another 6-7%. This will give them a 2% edge over NTC. But that means another bitter battle — a familiar state of affairs at Swadeshi Polytex. At the rate at which the company is going downhill, however, it may soon no longer be a prize worth fighting for.

□ Shashi Shekhar

SWADESHI POLYTEX: DECLINING FORTUNES

(Rs crore)

	1985	1986	1987	1989*	1990	1991**
Net sales	68.45	64.37	69.73	98.58	66.58	61.92
Raw material costs	20.57	24.24	27.90	46.53	40.32	—
Operating profit	5.32	8.80	5.89	4.25	1.04	—
Pre-tax profit	5.60	10.10	6.23	7.00	3.67	1.01
Equity capital	3.90	3.90	3.90	3.90	3.90	3.90
Earning per share	6.53	12.99	8.53	8.98	4.68	—

* 18-month period
** unaudited & estimated
Source: BSE Directory.

The fertiliser subsidy issue continues to raise a stink.

REFUSING TO SUBSIDE

It is rather like trying to clean the Augean stables with a hose pipe, an apt analogy possibly considering the industry. And, despite best efforts, the fertiliser industry and the entire subsidy setup remain in as much a mess as before. What finance minister Manmohan Singh has attempted to do about the subsidy is eminently sensible, as everybody agrees. But the hopeless politicisation of the issue has led to an inevitable backtracking — from the proposed 40% cut in the subsidy bill, the government may be lucky if the revised proposal of 30% reduction actually goes through.

The 1990-91 budget outlay on this account was about Rs 4,400 crore. On estimated higher consumption this year, and because changes are being introduced only midway when the peak season is virtually over, the finance minister has estimated this year's outlay to be Rs 4,000 crore. Now, with the further revision, all the economists are out with their calculators, and the saving for 1991-92, which was earlier pegged at Rs 1,800 crore, is now working out to a lower figure of Rs 1,350 crore.

Moreover, because of the vague "dual pricing" scheme being talked about, which is supposed to give benefits to the small and marginal farmer, there will be an additional Rs 450 crore burden. The net effect is that some Rs 900-1,000 crore in budgetary deficit will have to be bridged, and the finance minister has threatened to come to the Lok Sabha again with supplementary demands.

The backtracking at the Centre on the subsidy issue will neither help the farmer nor the industry; rather it will be the traders and their political patrons who will gain

Even with the extraordinary amount of disinformation and the hopelessly tiresome babel of voices on this issue, certain facts stand out very starkly. One is that the farmer has paid exactly the same price for fertilisers for the past 10 years, while the cost of everything else has gone up very steeply. In real terms, therefore, at a price of Rs 2,350 per tonne, the farmer is paying at least 40% less for fertilisers today compared to 10 years ago. The withdrawal of the subsidy benefit, in effect, will make him pay the same real price as 10 years ago — only that, in cash terms, the entire increase has been made at a single go.

Fertiliser actually constitutes a relatively small part of the farmer's total costs. Any kind of real demand recession is therefore unlikely and, anyway, there is a gap between total domestic demand and output, which is bridged through imports. Thus, besides the fact that the fertiliser subsidy bill has become unsustainably high, and definitely needs reduction over a period of time, lower offtake will probably mean that foreign exchange will be saved through lower imports (unless commissions abroad and, therefore, imports become a dire political necessity). Also, some wastage from occasional profligate use which may have resulted from the unnecessarily low price to the farmer will be cut down, with no material effect on farm output.

PSYCHOLOGICAL EFFECT

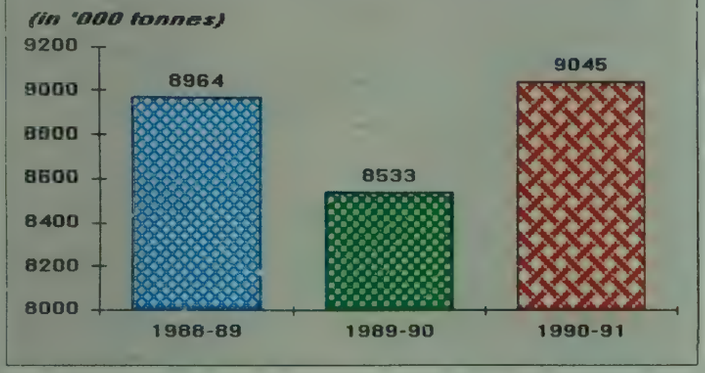
Regrettably, much of this commonsense and simple truth has been lost in the current political debate where opposite camps are only concerned about scoring points. And the adverse psychological effect on a major industry — which has to survive on government handouts rather than depend on its own marketing and operational efficiencies, besides having to be obsessed with "proving" costs to the government in order to make most of the subsidy dispensation — is completely ignored.

However, this much is clear; in the medium run, there is likely to be some change in the outlook for the fertiliser industry. So far, the apex body, the Fertiliser Association of India (FAI), has limited its protests merely to tokenism — because the industry has been let off fairly lightly. There has been no change in the prescribed efficiency norms and, at reasonable levels of plant utilisation, fertiliser units will continue to earn a 12% post-tax return (which in ef-

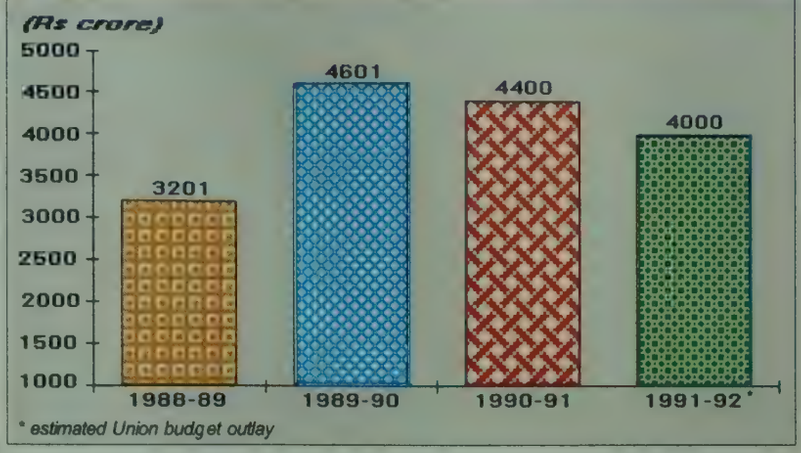
THE FARMER: *A pawn in the political game*



FERTILISER PRODUCTION: ON THE UP



FERTILISER SUBSIDY: A HUGE BURDEN



fect works out to a 20% gross return). The FAI has, of course, been concerned about the cost of inputs — gas and naphtha — which is much higher in India compared to most of the world; but that is really a much wider macro matter about energy pricing for the Indian economy.

Thus, fertiliser companies will continue to earn about Rs 4,700 per tonne of output for urea (the most common material, accounting for 80-85% of total consumption); only that they will have to recover from the farmer about Rs 3,000-odd per tonne, instead of Rs 2,350 as at present. For the first time in many years, therefore, the industry will have to press in some selling effort. This for an insulated industry, is none too comfortable. But since it has been spared any worse (a tightening of return norms), it is in a mood to grin and bear it.

However, one matter of concern for fertiliser companies is the fact that the funds crunch with the government means endless delays in subsidy payments. Also, fertiliser selling is a seasonal job, with demand peaking in the pre-monsoon months. Virtually a whole year's production has therefore to be sold within a few weeks. So far, subsidy payments receivable from the government, which flowed in a regular stream through the year, helped towards working capital requirements. Now, with the subsidy quantum reduced, carrying costs of inventory for companies will go up, compounded by the high interest regimen.

In this whole game, however, older units, fully depreciated, which have been operating at good efficiencies, stand to benefit. And overall, an element of competitiveness has been reintroduced into the industry. The direction, too, has been clearly set — that prices will have to find their own level, without undue intervention from the government.

STOCKMARKET EUPHORIA

The stockmarket has found an excuse for whooping it up — all fertiliser shares have shot up (with, of course, the rest of the market) to dizzy levels. While much of this rise may be only speculative, and there is no immediate benefit to fertiliser companies in terms of the bottomline, the promise of a more liberal regime has led to some euphoria. This kind of excess may even be defended by saying that if freedom of pricing and growth is allowed to the industry, benefits should flow to the shareholder over a period of time.

For the time being, in contrast to the notional appreciation of stock portfolios (unless investors actually book profits), immediate cash benefits are being cornered only by fertiliser traders. This has happened because of the tug-of-war between the Centre and the states — rather, between Manmohan Singh and the farm lobby. New Delhi insists that fertiliser be sold at new prices, while state governments want whatever (very large) stocks there are now with wholesalers to be pegged at old levels.

In all this confusion, the outcome is clear — large windfall (and obviously untaxed or untaxable) profits for traders, who will have to share the booty with their local political patrons. And the future looks even 'brighter' — the proposed dual pricing, meant to help the small, disadvantaged farmer, means more unintended (or is it intended?) benefits for those with muscle and power.

But, to look on the brighter side, in the long term, or even medium term, the effects may overall be beneficial — to an industry, which has to wake up to operational and marketing efficiency in order to bolster its bottomline; to further investment, leading to a growth in output, and therefore, perhaps lower real prices to the farmer; and to the man on the street, who could perhaps hope in the long run for an increase in farm produce, and therefore a lower household bill.

However, in India, "vested interests" (rather like the "foreign hand") have a way of making nonsense of economic logic, and in the short run, let alone the long, inflation will make a mess of all calculations.

A FERTILISER PLANT: *Will the industry benefit in the long term?*



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NEWS BRIEFS

■ Financial institutions (FIs) have sought to make major changes in their **lending operations**. According to *The Economic Times*, the 2:1 **debt:equity** ratio for companies is proposed to be reduced to 1.5:1 and the promoters' contribution is also sought to be raised from the existing 20-22.5% graded bracket to close to 30%. The base lending rate has also been raised from 13-14% to 18.5%.

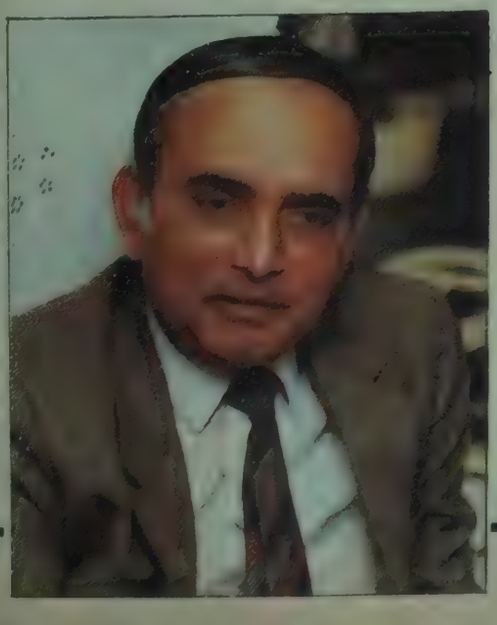
■ In a bid to pacify exporters adversely affected by the withdrawal of cash compensatory support (CCS), the Union government has decided to issue **exim scrips** at the rate of 30% of foreign exchange earned on exports to rupee payment areas (RPAs). These exim scrips will be valid only for imports from RPA countries.

■ The Union government is reported to have repaid $1 billion of foreign **short-term debt**. It has thus liquidated 20-22% of India's total short-term debt, estimated at $4-5 billion.

■ The Industrial Credit & Investment Corp of India (**ICICI**) has worked out a five-point internal risk evaluation scale for rating proposals for corporate and project finance under the new flexible interest rates for developmental financial institutions. ICICI has also recorded an increase in its income from Rs 599.63 crore last year to Rs 783.45 crore. The dividend has also been increased from 20 to 22%.

■ Former Canara Bank chairman B. Ratnakar is likely to take over as the chairman of Risk Capital & Technology Finance Corp (**RCTFC**), according to *The Economic Times*. RCTFC is also reported to be considering a proposal to have public equity participation.

RATNAKAR: *A new assignment?*



■ Andhra Bank has launched **two subsidiaries** — Andhra Bank Financial Services and AB Home Finance. The former is a wholly-owned subsidiary of Andhra Bank and will carry out merchant banking, leasing and hire-purchase functions and the latter, in which Andhra Bank has a 51% stake, will provide housing loans.

■ The proposal to set up a **national stock exchange** system, mooted by a study group headed by former chairman of the Unit Trust of India M.J. Pherwani, has run into rough weather. The Bombay stock exchange (BSE) association has protested against the setting up of the new exchange and sees it as an attempt to marginalise the BSE. Meanwhile, the finance ministry has called for a debate on the issue.

■ The State Bank of India (**SBI**) will launch the India Development Bonds on 16 September. The bonds, carrying 0.5% more than the 9% interest rate available under the foreign currency non-resident (FCNR) scheme, will mature after five years as against the seven-year maturity period of the earlier two schemes.

■ A new **rating agency**, Investment Information & Credit Rating Agency of India has been promoted by the Industrial Finance Corp of India (**IFCI**).

■ In a bid to conserve and prioritise foreign exchange, the Reserve Bank of India (RBI) has directed the Shipping Credit & Investment Co of India (**SCICI**) not to extend foreign loan facilities to private shipping companies. SCICI has also been told to surrender foreign exchange set aside for ship acquisition to the general foreign exchange pool.

■ Though the government has not been successful in putting a total stop to the outflow of non-resident Indian (**NRI**) **deposits** from the country, the pace of outflow has considerably lessened following the rupee devaluation. It has been reported that the weekly outflow after the devaluation has come down to Rs 62 crore as against Rs 145 crore earlier.

■ The International Monetary Fund (**IMF**) loan to India under the contingency compensatory financing facility (CCFF) is expected to be released shortly, according to RBI governor S. Venkitaramanan. Though the exact amount India would avail of has not yet been specified, the amount expected, according to press reports, is close to $400 million. India will also



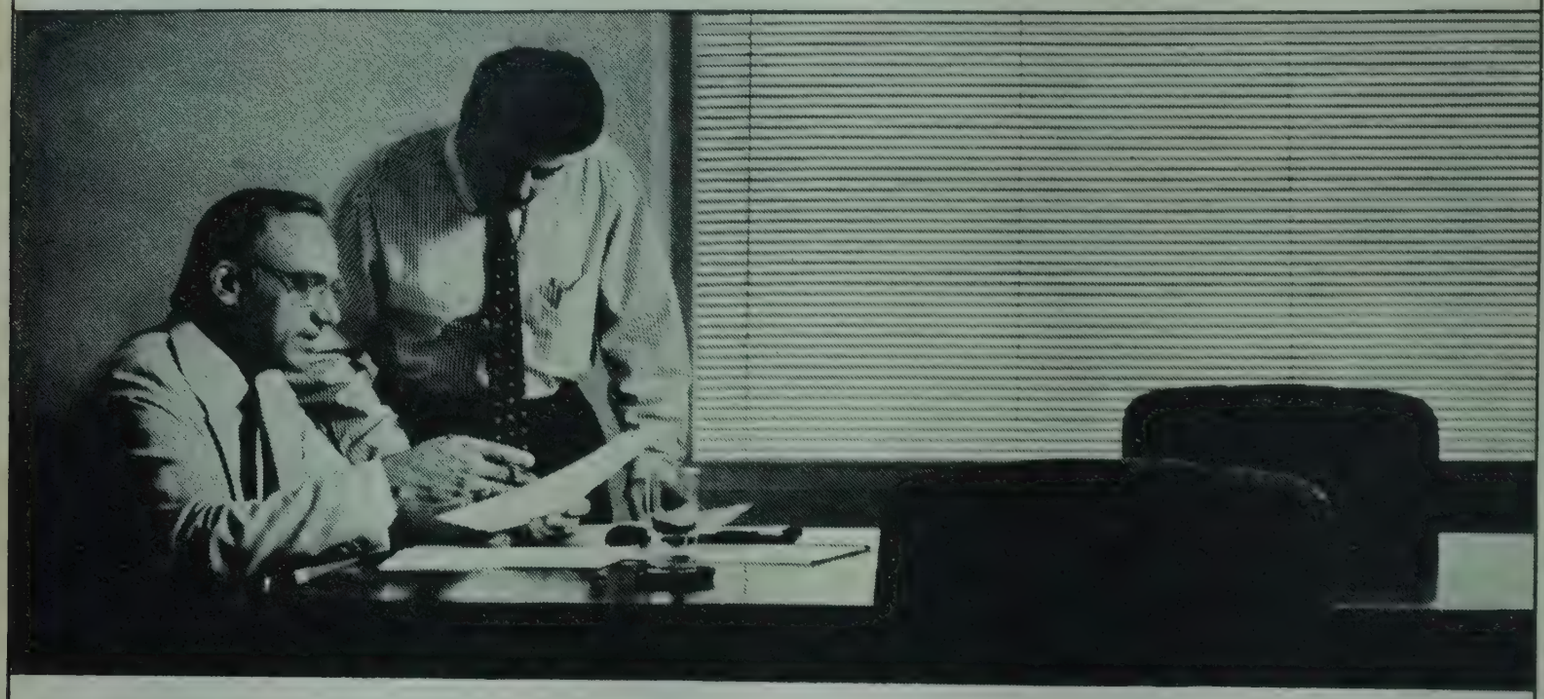
VENKITARAMANAN: *Getting succour*

get $6.1 billion fom the Aid India Consortium during the current year and 10% more next year, according to World Bank vice-president Attila Karaosmanoglu.

■ NRIs who had lodged shares with the scandal-ridden Bank of Credit & Commerce International (**BCCI**) under the portfolio management scheme (PMS) will now be allowed to transfer these shares to other banks. BCCI is also reported to be considering initiating legal proceedings against certain Indian business houses for non-repayment of loans.

■ The Reserve Bank of India (RBI) is reported to have granted permission to SBI and Canara Bank to float **asset management companies** — SBI Funds Management and Canbank Investment Management Services — to manage their mutual funds' operations. Both the companies will have an initial equity capital of Rs 10 crore.

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"GO FOR PRIMARY MARKETS"

Deepak Relan (35), partner in the Delhi-based stockbroking firm R.K. Relan & Co, has come a long way — literally. Originally a greenhorn in the firm conceived by his grandfather in Karachi, Relan took on the business in 1980 after the death of his father. And he didn't waste much time. In one year he rose to serve on the board of the Delhi stock exchange in a stint which lasted till 1984. Though a major chunk of his business is in individual client servicing, Relan also handles institutional business. Not content with restricting his operations to the capital, Relan plans to go where the action is. Says he: "With multiple membership (for brokers) on the cards, I'll set up shop in Bombay and Calcutta." Incidentally, the stock exchanges in the three metros (Bombay, Delhi and Calcutta) account for about 90% of the total business conducted on all stock exchanges in the country. Relan spoke to BusinessWorld *on the prospects for the stock exchanges and possible investment avenues.*



■ On where the market is heading.

It's moving in one direction — upwards. And it will continue to do so for the next three to six months. With the bull phase so strong, it's a matter of a couple of weeks before the Bombay stock exchange sensitive index (BSE Sensex) touches 2,000. Once this happens, in another six months, the Sensex will breach the 2,500 mark. The liberalisation policy is a step in the right direction. An attempt has been made to entice multinationals to India. Besides, offshore mutual funds have been offered a very reasonable tax rate at 10% compared to about 50% or more for corporate bodies.

■ On the long-term outlook for the stockmarket.

The stockmarket is the only avenue open for the middle class. At present, neither bullion nor real estate offers the kind of returns equities fetch. With inflation ruling at around 13%, the only place where one can beat the inflation and make a decent profit is the stockmarket.

■ On the investment strategy for now.

It depends on what an investor is looking for — yield or capital appreciation. But if one wants to play safe, go for the primary market or good partly-convertible debentures (PCDs). One can opt for *khokhas* (the non-convertible portion of a PCD).

■ On how one should arrive at an investment decision.

Besides the usual parameters such as good management, the industry the company operates in and the bottomline of the company, one should zero in on an instrument which could fetch a return of at least 40% capital appreciation.

■ On the industries worth looking at.

In the given circumstances, industries such as cement, shipping, cotton (mainly with an export thrust) and engineering (again export-related) are worth a look. With the government allowing banks to fix their own rates of interest depending on the risk factors involved in financing, finance companies will also fall in line and are bound to do well.

■ On investing in mutual funds.

Investing in mutual funds is good. But it should form only part of one's portfolio. An ideal mix would be investing 20% of the disposal income in mutual funds, 20% in *khokhas* and the rest in equity.

■ On the potential blue chips of tomorrow.

Jaiprakash Industries, Andhra Cement, SM Dyechem, Titan Watches, Amforge, India Shaving and a dark horse could be Walchandnagar Industries.

■ On short-term picks.

Andhra Cement, DCM-Shriram Consolidated, Bharat Seats, Sona Steering and Amforge. Polar Latex and Pfimex could also move up any time.

■ On long-term picks.

Bharat Forge, Indo-Asahi, India Cements, Telco and Tisco.

■ On the broking fraternity's response to Sebi (Securities & Exchange Board of India).

It is most welcome. It will redress problems of brokers as well as investors. At the rate the stockmarket is growing, one needs a regulatory body to control the number of defaults.

TWO LONG-TERM PICKS

CLIFTON DESILVA



It was in the early forties that Grindwell was registered as a private limited company. It pioneered the manufacture of industrial abrasives by setting up the first grinding-wheel factory in the village of Mora, 10 km across Bombay harbour. On being incorporated as a public limited company in 1950 — styled Grindwell Abrasives — it embarked on a phased expansion programme. And to keep abreast of the latest technology, it entered into a technical collaboration with Norton Co of the US in 1967. The company was rechristened **Grindwell Norton** in 1971 when Norton Co invested in its equity.

Grindwell Norton entered the coated abrasives business in the early seventies. Grinding wheels and other bonded abrasives are needed in almost every industry. The company provides the bulk of high-performance bonded abrasives for a wide variety of applications.

In November 1983, Grindwell went public with an issue of 9.27 lakh equity shares at a price of Rs 20 per share. The objectives of the issue were to reduce the foreign equity holding in the company to 40%; to enable the company have its equity shares listed on the stock exchanges; and to provide part of the funds required for the company's modernisation and expansion programmes. These included the expansion of the super refractories plant from 150 tonnes to 1,000 tonnes; implementing a project for extending its range of coated abrasive belts; and modernisation of the existing plant and facilities as well as certain product lines.

Soon after going public, Grindwell's business suffered thanks to the continued recessionary trend in the industries that were primary consumers of its products. Besides, stagnant prices along with slack demand conditions and increasing costs led to a squeeze on profit margins. The result was that the company reported losses and skipped dividend for the years ended June 1985 and June 1986.

The situation since has improved considerably. Gross turnover, placed at Rs 36.50 crore for the year to June 1987, almost doubled to Rs 71.30 crore for the year ended March 1991. Net profit stood at Rs 2.06 crore, earning per share (EPS) at Rs 4.46 and book value at a comfortable Rs 33.05 per share for 1991. A dividend of 27.5% was also provided for.

Grindwell's mainstay business, bonded abrasives, has a licensed capacity of 7,000 tonnes and an installed one of 6,000 tonnes. For March 1991, the company produced 5,196 tonnes and managed to hawk off 5,074 tonnes of this product. This fetched sales of Rs 48.7 crore — that's 70% of the total sales of Rs 69.5 crore.

The bonded abrasives segment, despite increasing cost pressures, is expected to show a strong growth. And the ongoing modernisation-cum-expansion programme in this segment is expected to contribute substantially to an improved performance in the coming years.

Grindwell Norton and Ion Exchange (India) appear to be good bets for long-term investment

Based on this future earning potential, the shares of Grindwell Norton appear attractive for long-term investment at the current price of Rs 71.

Water is what keeps **Ion Exchange (India)** afloat. And water plays a critical role in almost every industry. Ion Exchange's role is help purify, soften, demineralise, and condition the water with chemical additives to make it useful for industry. And with water-borne diseases accounting for over two million deaths in India annually, Ion Exchange plays a prominent role. It has developed water purification technology that is most economical.

Ion Exchange was set up as a subsidiary of Permutit Co of the UK in 1964. It began commercial production of water treatment plants and ion exchange resins in 1965. The company went public 12 years later by issuing 2 lakh shares at a price of Rs 18 per share. The foreign shareholding thus was diluted to 40% (from 60%). In 1984, Permutit disinvested its entire holdings in favour of the financial institutions, shareholders and employee welfare trusts.

Ion Exchange's manufacturing operations are spread over various locations like Ambernath, Ankleshwar, Hosur and Patancheru. It has diversified by setting up Hydranautics Membranes India, a joint venture with Hydranautics of the US, for the production of reverse osmosis membranes in Gujarat. The company's other joint venture — Polyelectrolyte' India — is with SHF Floeger of France for the manufacture of polyelectrolyte at Patancheru.

Ion Exchange has performed well on the export front. Its exports for March 1991 climbed to Rs 10.03 crore from Rs 9.58 crore (including deemed exports) in the previous year. Physical exports grew from Rs 15 lakh to Rs 61 lakh. This growth rate is expected to accelerate sharply in the light of the government's new policies. The company is now directing its efforts at the European and US markets while intensifying its thrust in the traditional Afro-Asian market.

For March 1991, Ion Exchange recorded a turnover of Rs 55.8 crore and expects to double it over the next three years. Net profit stood at Rs 2.14 crore on an equity capital of Rs 3.5 crore. This yielded an EPS of Rs 6.11. A 16% dividend was doled out. The book value at Rs 40.20 gives the hope of a bonus issue in the near future. Thus the share looks worthwhile for long-term investment at the current quote of Rs 95.

• *The author is a Bombay-based investment manager.*

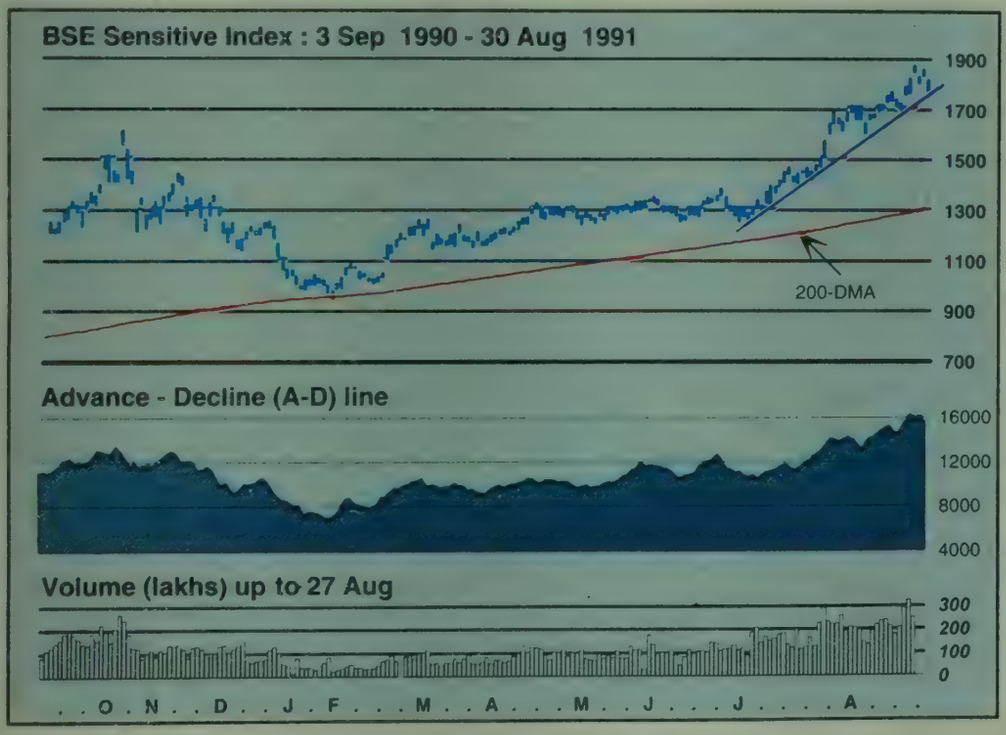
TESTING TIME

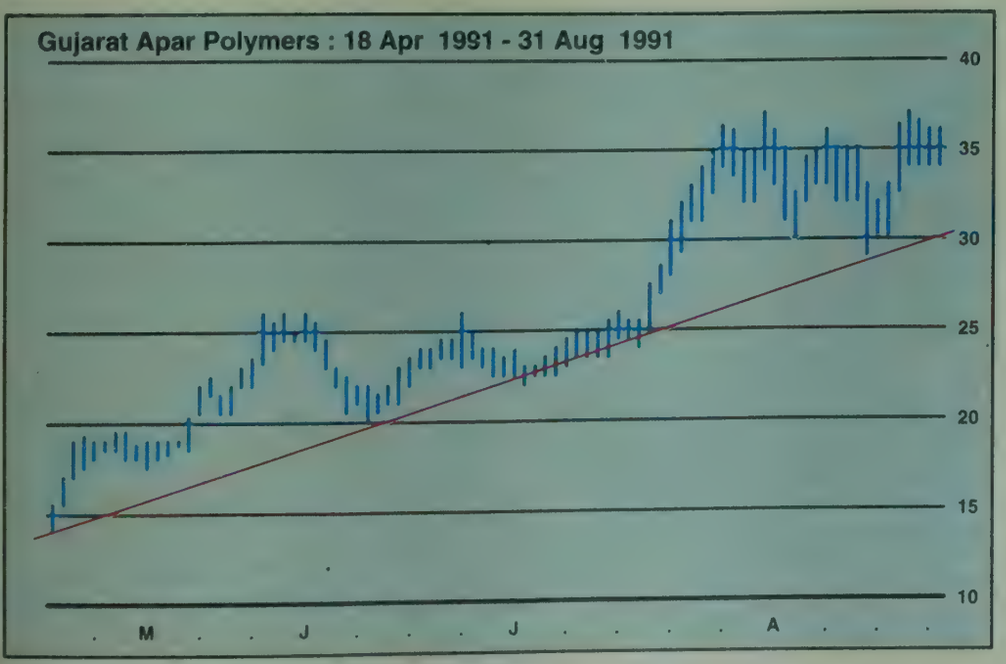
DEEPAK MOHONI



In spite of two sharp declines that caused some anxiety in the market, the fortnight under review (19-30 August) ended with reasonable gains. And there were new highs for both the indices, volumes, as well as for the advance-decline (A-D) line. The fortnight did close on a declining note, though, with the market delicately poised between an immediate improvement and a significant correction.

The Bombay stock exchange sensitive index (BSE Sensex) added on 68.92 points, as it increased from 1,727.07 on 16 August to 1,795.99 on 30 August — a gain of 4%. The National Index (NI) lagged a little once again, gaining only 29.63 points (3.6%) in climbing from 825.73 to 855.36. Both the indices recorded new highs on 26 August, when the Sensex closed at 1,844.82 and the NI at 874.65. The day was responsible for the indices' intra-day tops as well, at 1,861.94 and 881.42.





On the charts of both the indices, the trendline that has supported this rally since 1 July continued to hold. This was despite its being tested twice during the fortnight — first, during the USSR chaos, and next at the fortnight's end. In fact, both the indices were perched barely above the trendline at the time of writing. Should they fall through when the market reopens on 3 September, the probability of a significant decline would increase considerably. On the other hand, a recovery could see the indices moving onto new highs — or testing the 23 August top, at the very least.

Another possible chart pattern that may have occurred between 26 July and 12 August is that of a pennant. However, volume activity was rather heavy during the formation, which is contrary to market behaviour within a pennant. However, trading restrictions were in effect at that time and may be responsible for some distortion. If the formation does work like a pennant, we would have a minimum rally target of between 2,050 and 2,100. Pennant and flag formations occur in the middle of two almost vertical advances, which are usually nearly equal in length.

If the market action confirms the pennant formation, then we should expect the present trendline to hold until the target is reached. This is important, as the line's violation would at least slow down the rally, negating the requirement of a sharp vertical move after breakouts from pennants. Though it is impressive, this trendline is not as steep as the one which came with the 18 June-9 October 1990 rally, when viewed on a logarithmic chart.

The BSE authorities removed the restrictions on trading just before the Soviet putsch, and it may be safe to

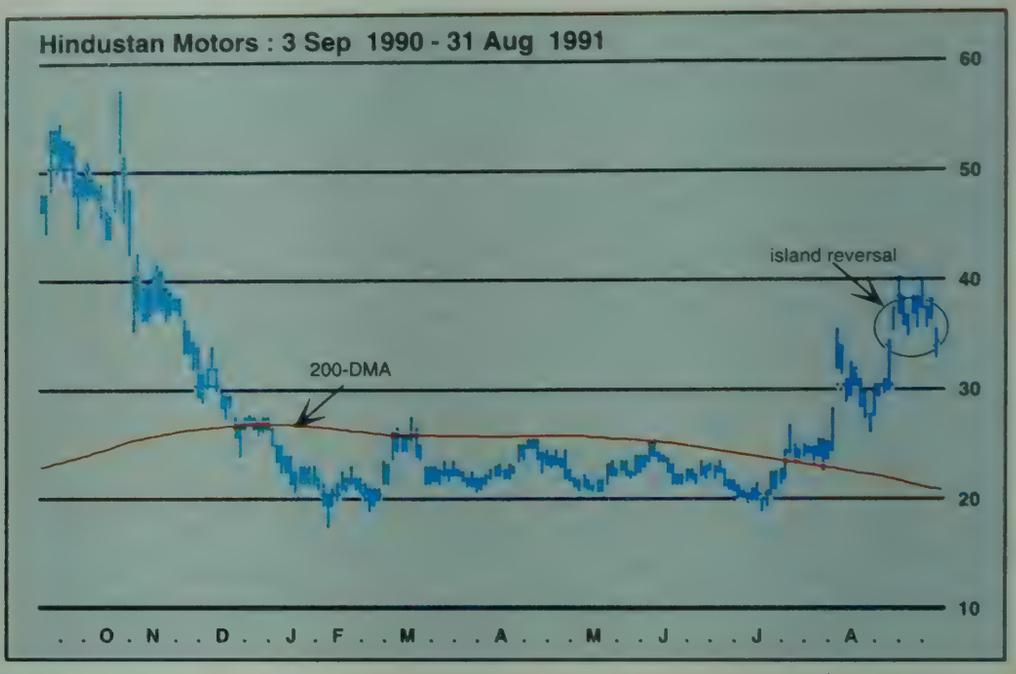
assume that volumes began to represent actual demand and supply positions by the fortnight's end. The new highs on 26 August were accompanied by a new volume high of 325.38 lakh shares traded — the first time that volumes crossed the 300 lakh shares mark. The rally from 21-26 August, which took the Sensex from 1,692.21 to 1,861.94, was accompanied by expanding volume, a sign of confidence. The A-D line also touched a new high on 26 August, and thus we do not have any signs of non-confirmation as yet.

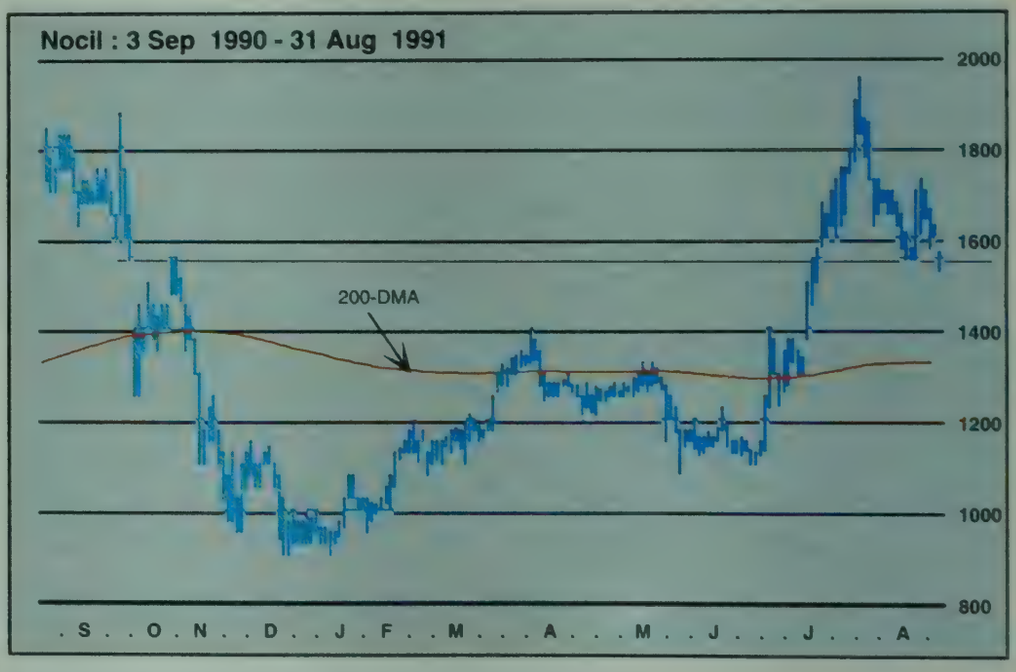
This means that even if an intermediate correction occurs now, the market has a very reasonable chance of rallying up to and above its previous high. A decline would now receive support at either 1,750, 1,700 or 1,600 — depending on its severity. The 1,600 level should be a formidable support, as it has worked over a long period of time. The 200-day moving averages (200-DMAs) of the two indices are 1,300.01 and 644.57. A correction in the direction of these long-term averages can occur anytime now. There is, however, no quantitative basis for anticipating such a correction.

The decline at the fortnight's end did result in some stocks violating important trendlines, or forming bearish patterns. Two such stocks are **Hindustan Motors** and **Nocil**. Hindustan Motors formed an island reversal pattern, and as it is above a declining 200-DMA, it may quite reasonably be expected to fall below it. Its 200-DMA is at Rs 28.17. Nocil fell through an important support level at Rs 1,550. Its next support level is at Rs 1,400. Nocil's 200-DMA is Rs 1,324.88.

On the brighter side, **Colgate** jumped to a new high the day it declared a bonus issue. The stock immediately pulled back to its old top of Rs 360, from where it appears to have started rallying. Colgate's 200-DMA is at Rs 310.98. And finally, another recent issue — **Gujarat Apar Polymers** — has already formed an ascending trendline after just 86 trading sessions. It is in an uptrend with a resistance at Rs 36. The stock should become quite bullish once it clears this mark.

• *The author is a director of Midas Vision, which deals in software and computer graphics*









Venugopal Dhoot has, in no uncertain terms, made it clear that he wants to be the "king of consumer durables." Having drawn out success in TVs, VCRs and washing machines, among others, Dhoot is now plugging the gaps in group company Videocon Appliance's (VAL's) product range.

The new products Dhoot has zoomed onto include: air conditioners, refrigerators, vacuum cleaners, bread-making machines and electric motors. Besides, he also has expansion plans for washing machines; annual manufacturing capacity for these is being doubled to 4 lakh per annum.

The special feature of his refrigerators, says Dhoot, is that they will be of the "no frost" type, hitherto not manufactured in India. The bread-making machine is expected to have a tag of Rs 2,000. To part-finance the expansion-cum-diversification programme, VAL is entering the capital market with a Rs 90 crore fully-convertible debenture (FCD) issue. Each FCD of Rs 200 will be converted into Rs 10 equity shares in two parts; the first of Rs 50 at a premium of Rs 40 and the second at a premium to be decided by the controller of capital issues.



All maharajas, it seems, are not content to sit back and rule over conquered territory. Some keep hankering after fresh pastures, which is just the case with Maharaja Whiteline Appliances (MWA). It is adding refrigerators and dishwashers to its long list of Maharaja home appliances which includes mixer-grinders, juicers, vacuum cleaners and washing machines among others.

For this, MWA is setting up a new venture—Maharaja International Ltd (MIL). To part-finance the Rs 11.35 crore project, MIL is coming out with a Rs 4.75 crore at-par equity issue for the public.

MIL managing director Harish Kumar is not bothered about this year's cool off in demand for refrigerators. Says he: "By 1994-95 demand will exceed supply by about 6 lakh refrigerators."

The company will, at full capacity, manufacture 2.5 lakh refrigerators in two sizes: 165 litres and 240 litres in a 40:60 ratio. As for dishwashers, Kumar's market info has it that annual demand is 2 lakh units. If that is so, hawking 1 lakh Maharaja dishwashers annually should be no hassle at a low sticker price of Rs 9,000 each.



Ferrochrome is what makes stainless steel glint. And ferrochrome is exactly what has brought the glint to Jindal Ferro Alloys (JFA) director Rajan Jindal's eyes. An existing manufacturer of the stuff, JFA is currently pushing up its installed capacity from 6,000 tonnes per annum (tpa) to 15,000 tpa. "That's the minimum economic size," says Jindal.

As part of the expansion, Jindal is to add a furnace and a rotary kiln at JFA's plant in Vizianagaram in Andhra Pradesh. Following this, the unit will also have grinding and pelletisation facilities for pretreatment of lumps and fines before they are put into the furnace. "Power costs will be reduced substantially and overall profitability will also improve, thanks to this," says Jindal.

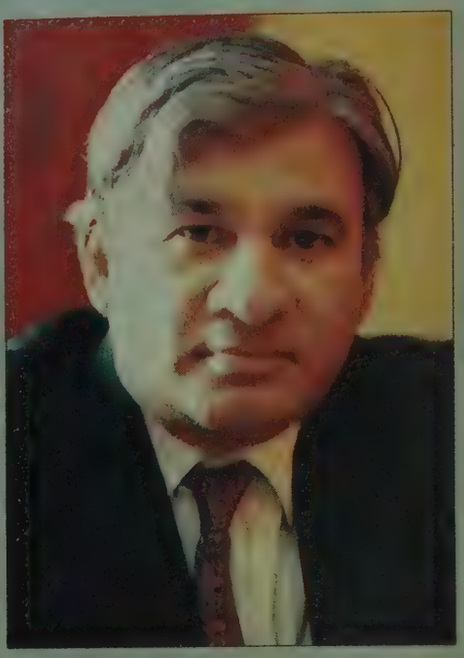
To part-finance his plans, JFA is approaching the capital market with an equity-cum-partly convertible debenture (PCD — Rs 200 face value) issue totalling Rs 12.74 crore. The equity issue carries a premium of Rs 20 per share. The convertible portion (Rs 150) of the PCD will be broken up into five shares at a premium of Rs 20 each.



S.L. Maloo has a passion for glitters. With one plant at Okhla in Delhi already rolling out gold jewellery, Maloo, the managing director of Lunar Diamonds, is implementing a Rs 5.45 crore project at Noida for processing diamonds and producing diamond-studded jewellery.

And he is relying on modern equipment to boost profits. Says he: "It is a capital-intensive business and by pumping money into modern equipment, one can increase business tremendously." For funds, he is relying on an at-par equity issue (in end-September) to raise Rs 3.27 crore.

Though the company is paying dividends, it is on a small equity base of Rs 92 lakh. After the public issue, the equity capital will shoot up to Rs 4.25 crore and Maloo is confident of servicing the enlarged equity capital. He's certainly not reaching for the moon when he says he expects a profit margin of 30%, what with the high export component of the business.



The greens will love him. For, Dilip Dahanukar is trying to take on the mighty synthetic fertiliser industry through the natural route. His Good Value Marketing Co (GVMC) is into organic manures, produced using bacterial manures, plant sap, earthworm secretions, humus extract and other natural ingredients.

Dahanukar's manures, marketed under the GV System and Krishi Veda brandnames by Rallis India and Green Earth Agro Distributors respectively, have found favourable applications on sugarcane and groundnut plantations. Tests are on to find out whether they find similar success with other crops.

With demand booming thanks to the growing concern for the environment, GVMC is now expanding and modernising its production facilities. Towards this end, the company has approached the primary market from 9 September with an at-par Rs 99 lakh equity issue.



From dabbling in finances to rolling out iron. That's the route N.R. Pinna of Mid-West Leasing has charted out for himself. Pinna plans to set up a Rs 40 crore project to manufacture 75,000 tonnes per annum (tpa) of pig iron under a new banner — Mid-West Iron & Steel Co. To be set up at Srikakulam in Andhra Pradesh, the plant is expected to go on stream by end-1992.

Pinna certainly does not lack the academic qualifications to go ahead with his new venture, having an M. Tech in foundry engineering from IIT (Kharagpur). Another point in his favour is the shortage of pig iron, used as a raw material for castings moulded by foundries. "Considering the shortfall, my product is sure to be a surefire success," he says.

At present, the demand-supply gap of pig iron is around 6-8 lakh tpa. But today's shortfall could mean tomorrow's surplus with 20 aspirants raring for a slice of the pig iron cake. Pinna, however, is unperturbed: "I'll have a headstart over others. Moreover, not all projects will fructify."

To part-finance the project, Pinna will be going hat in hand to the public with an equity issue by the end of this year.

Last date for the receipt of entries: 28 September1991

BusinessWorld Investor Contest

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in up to five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld (BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second and Rs 1,000 the third. The names of all the winners will be published in *BW*.

THE RULES

1. The notional amount to be invested is Rs 1 lakh.

2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.

3. Investments in debentures or securities other than equity shares are not permitted.

4. No investment can be made in scrips in which there has been no trading on the reference date for investment (20 September for Contest No 3).

5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).

6. The maximum amount investible in any one scrip is Rs 50,000.

7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 20 September.** Quotations based on prices at stock exchanges other than Bombay will not be permitted.

8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 25 October.** This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the BSE, the investments will be deemed to have been made at the latter prices.

9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.

10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% per annum.

11. Contestants will have the option either to invest the entire amount of Rs 1 lakh (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stock-markets.)

12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No 3, the last date for the receipt of entries is 28 September.** Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters: *BW* INVESTOR CONTEST NO 3 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 25-28, Atlanta, 209, Ceremonial Boulevard, Nariman Point, Bombay 400 021.

13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.

14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.

15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon.

16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar group of publications.

INVESTOR CONTEST NO 3 — ENTRY FORM

Name of scrip	Price on 20 September 1991	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name: _____

Address: _____

_____

_____

_____



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The Complete Business Magazine.

A BRIGHT STAR

When chairman Gouri Prasad Goenka hunches over his desk and speaks to you about the prospects of Star Paper Mills, he does so in a whisper. But if the results of the company for 1990-91 are anything to go by, Goenka should be trumpeting his achievement down Corporate Success Street.

Here's why: when he took over the company in 1986, its fortunes were on the decline. Things did not improve immediately thereafter either. A loss of Rs 3.95 crore in 1988-89 plunged the company straight into the arms of the Board for Industrial and Financial Reconstruction (BIFR). The accumulated loss: Rs 12.87 crore. For a company with an equity capital of Rs 2.69 crore, this was obviously a recipe for a write-off.

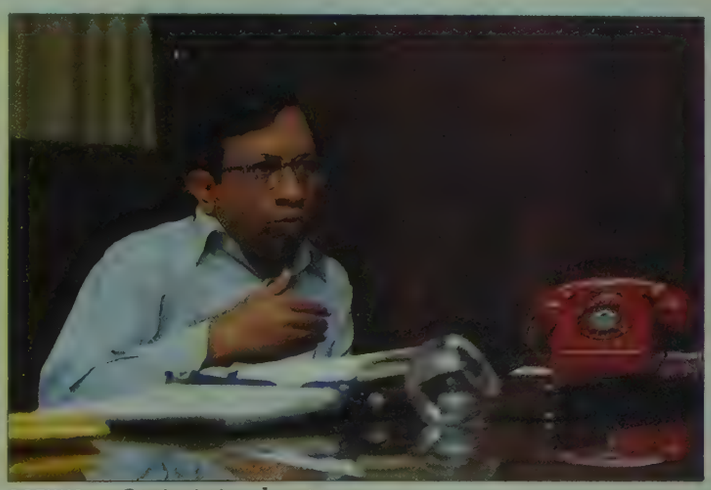
That's when the great drama began. In 1989-90, Star Paper climbed out of its nadir with a spectacular profit after depreciation of Rs 3.51 crore. But all those potential shareholders who were tempted to buy into the company's stock took one look at the accumulated loss and baulked — still a hefty Rs 9.36 crore remained and, on erstwhile form, the maiden dividend looked four years away. The equity price, after hitting Rs 70 in the frenzied days of October 1990, settled more than Rs 30 lower.

Suddenly, all the corporate optimism appeared to have sobered. So when Star Paper announced its results for the first half of 1990-91, all it attracted was a corporate yawn — a net profit of Rs 1.16 crore on an equity capital of Rs 5.27 crore.

The results of the second half of the financial year, however, woke people up. Star reported a gross profit of Rs 5.90 crore (previous half: Rs 2.06 crore) and a net bottomline of Rs 5.07 crore. The company had bid goodbye to BIFR and returned to positive net worth.

G.P. Goenka underplays this revival two years in advance of the BIFR schedule. "We modernised in the first half, widened our product range in the second and let us say that we strengthened internally," he explains simply. That sounds surprising for a company still plagued with raw materials that are either imported or difficult to acquire; the 1990-91 annual report hints an import content of 16% (Rs 2.81 crore) and even indigenous raw materials are not quite delivered at the doorstep.

Favourite subject. This appears to be Goenka's favourite subject. He takes off: "We manufacturers are not worried by the short-term. It is the long term that bothers us. Nobody is coming forward to set up a new paper mill because no one is sure where the raw material is coming from. One is not allowed to take over existing land. The government fears that this will result in private enterprise monopolising large tracts. Fair enough, let us work within a compromise where the government continues to own the land but we get the right to cultivate and carry. Look, I can go around and buy my pulp from private farmers, but I can't keep going to hundreds of farmers, buy in varying quantities and quality. The rational solution to this has to be social forestry. If this is not done, I see a paper famine down the years in our country."



GOENKA: *Optimistic about paper*

There is, however, an escape route. Bagasse is an alternative to pulp and these days an increasing number of companies is prepared to switch over to this indigenously available raw material, especially if the plant is located in proximity to the sugarcane growing areas. Goenka has precisely this switch in mind: "This is going to be our next major modernisation step. What we are trying is to increase capacity utilisation and transit to higher value-addition. It is going to take us another three years before we can be called a truly modern mill."

Looking far into the future, Goenka is optimistic about the working of paper companies. "Ecologically, we are safer than, say, timber. I had met Indira Gandhi many years ago and suggested that instead of hacking timber to make boxes for the packing of fruit, that wood should be handed over to us. We guaranteed that we would be able to generate three times as much paper than the wood surface they got out of it. Indira Gandhi heard me patiently but the proposal was lost in some bureaucrat's drawer."

Turning the vision slightly micro, Goenka feels that with every bout of inflation, his company gets better insulated against competition. "To set up a plant similar to ours would require between Rs 180 crore and Rs 200 crore. So we are always going to be at an advantage," says he.

When he talks even more micro and extremely specific, he comes up with breath-stopping figures. Says he: "There is no reason why we should not be doing gross business worth Rs 110 crore in 1991-92 on the margins we recorded in the second half of 1990-91 as the basic minimum."

Decode this statement and you realise that Star Paper should emerge with a net profit of around Rs 12 crore for the current financial year. Quite a stunning recovery for a company that should have been cooped up in the BIFR bed until 1992-93.

□ Mudar Patherya

PAPER PROGRESS

(Rs crore)

	1988-89	1989-90	1990-91
Gross sales (including excise)	39.33	70.76	83.90
Interest	3.05	3.53	3.81
Gross profit	(3.07)	4.60	8.12
Depreciation	0.88	1.08	1.73
Tax	—	—	—
Net profit	(3.95)	3.51	6.39
Equity capital	2.69	2.69	5.27

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 28 Aug	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Price to BkVa Times
AbacusComp(10/100/e)	9003	1.4	0.3	0.0	12.1	9.2	0.3	0.45	4.7	0.26	0.26	1.82	15.0	10.0	54	12.00	6.60	–	–	–	35	12	18	9	8.16	0.99
AbanLloyd(10/100/e)	9003	4.0	1.6	0.0	14.0	14.0	0.0	3.72	26.6	1.09	1.09	2.75	19.6	10.0	37	175.00	63.74	–	–	–	58	35	178	36	0.58	12.50
AbbotLabs(10/50/e)	9003	2.3	2.7	0.0	21.8	31.5	0.2	0.36	1.1	0.07	0.07	0.31	1.4	--	NA	70.00	225.0	–	–	40	60	32	70	30	NA	3.21
ACC(100/5/e)	9003	56.0	89.3	0.0	259.5	973.8	17.2	54.41	5.5	17.79	16.85	31.78	12.2	15.00	50	3460.00	108.9	1:5	86	33	2625	229	3500	1300	0.43	13.33
AdvaniOerl(10/100/e)	9003	7.0	9.1	2.5	22.9	107.1	1.3	4.37	4.0	1.21	1.21	1.73	6.5	15.0	87	19.00	10.99	1:1	86	46	33	15	25	16	7.89	0.83
AlembicChem(100/5/e)	9003	4.1	10.0	7.0	343.0	124.0	3.9	4.29	3.4	1.64	1.23	39.81	7.8	16.0	54	575.00	14.45	1:3	66	18	460	250	620	220	2.79	1.68
AlfaLaval(10/50/e)	9103	7.8	34.4	0.0	54.0	104.8	4.0	16.06	14.8	10.28	10.27	13.15	24.4	18.0	14	275.00	20.92	1:2	89	63	247	95	300	150	0.66	5.10
AmalRasayan(10/50/e)	9003	3.2	9.4	2.0	39.4	19.3	0.8	0.93	4.6	0.07	0.07	0.22	0.5	0.0	NA	75.00	341.8	–	–	–	83	38	78	34	NA	1.90
AmritBan(10/100/e)	9003	4.2	13.1	6.9	41.5	259.6	1.1	8.64	3.3	1.90	1.83	4.48	7.7	21.0	49	85.00	18.97	1:1	89	70	83	36	88	45	2.47	2.05
AntifricBear(10/100/e)	9003	3.2	7.9	0.0	34.3	48.1	1.9	6.84	13.7	2.67	2.71	8.08	23.6	25.0	31	107.50	13.30	1:2	81	23	145	60	130	65	2.33	3.13
AP Paper(100/5/e)	9003	5.6	18.6	0.0	429.8	132.3	2.7	17.44	12.9	13.22	12.83	234.81	54.6	25.0	11	1465.00	6.24	1:4	80	20	2100	625	2000	850	1.71	3.41
AppleInds(10/100/d)	9006	6.3	8.2	3.1	22.9	20.9	0.2	8.59	40.7	5.57	6.02	7.03	25.2	25.6	25	40.00	5.69	–	–	–	70	23	48	32	5.84	1.75
ArvindMills(10/50/e)	9003	7.1	38.4	0.0	63.9	179.5	3.4	12.46	6.8	5.25	5.78	7.36	11.5	27.0	33	97.50	13.24	1:3	86	55	120	43	108	52	2.78	1.53
AseaBrownBv(10/50/f)	9012	9.9	35.5	10.1	46.0	219.8	7.3	16.83	7.4	8.74	8.46	8.86	15.8	27.0	31	200.00	22.56	1:3	78	30	165	55	200	85	1.35	4.35
AsianBearings(10/50/e)	9003	7.4	4.0	0.0	15.4	18.6	1.8	1.96	9.6	0.28	-0.13	0.38	2.5	–	NA	21.00	55.73	0.00	–	0	31	14	28	17	NA	1.37
AsianCable(10/50/e)	9003	5.6	14.4	0.8	35.8	78.3	4.4	5.69	6.9	2.75	3.62	4.28	11.5	14.0	24	42.50	9.94	1:3	81	–	53	27	43	30	3.28	1.19
AsianPaints(10/50/e)	9003	12.4	56.5	0.0	55.4	282.9	1.1	27.28	9.6	19.00	19.50	15.23	27.5	45.0	29	263.75	17.32	1:2	87	86	290	208	268	223	1.71	4.76
Assam Co(10/50/e)	9003	14.0	24.2	0.0	27.3	66.4	1.4	24.86	36.7	12.83	12.79	9.16	33.6	55.0	60	170.00	18.55	1:1	89	75	190	110	172	113	3.24	6.24
Astra-IDL(10/50/e)	9003	2.5	3.7	0.0	24.6	21.5	0.2	2.00	9.2	1.06	1.06	4.24	17.2	15.0	36	110.00	25.94	–	–	–	75	38	110	45	1.38	4.46
AtlasCopco(10/50/e)	9003	7.3	7.3	0.0	20.0	46.3	1.6	1.03	2.1	-0.39	-0.53	-0.54	-2.7	–	NA	96.25	NA	1:2	87	82	68	33	108	42	NA	4.81
AtlasCycle(10/50/e)	9003	1.2	8.2	6.7	81.1	108.0	2.9	2.42	2.2	0.83	0.83	6.96	5.0	22.5	33	200.00	28.75	1:2	87	80	180	65	210	105	1.13	2.47
AveryIndia(10/50/e)	9003	4.2	13.5	0.0	42.1	39.6	0.8	7.70	19.1	3.08	3.01	7.33	17.4	35.0	49	166.00	22.64	2:5	84	58	195	109	169	142	2.11	3.94
A.Sarabhai(10/50/e)	9003	18.8	19.9	0.0	20.6	169.0	3.0	1.80	1.0	0.62	1.12	0.33	1.6	–	NA	22.50	68.15	1:5	82	17	26	11	24	11	NA	1.09
BajajAuto(10/50/e)	9103	18.8	297.9	0.0	168.4	1155.0	64.9	161.8	13.3	56.34	55.50	29.95	17.8	100.0	34	742.50	24.79	1:1	87	95	770	355	750	500	1.35	4.41
BajajElect(100/5/e)	9003	1.9	8.9	2.9	564.6	108.1	3.6	5.41	4.8	2.85	2.80	148.44	20.8	25.0	17	1150.00	7.75	1:1	89	50	1600	540	1160	675	2.17	2.04
BajajHind(100/5/e)	9003	5.6	24.2	37.5	531.4	124.6	2.0	7.11	5.6	2.21	2.23	39.46	3.3	18.0	45	150.00	3.80	1:4	86	95	1500	360	155	87	12.02	0.28
BajajTempo(10/50/e)	9003	6.6	36.5	0.0	65.1	219.1	2.2	23.25	10.5	6.87	5.45	10.38	15.9	20.0	24	235.00	22.64	1:1	86	87	325	118	258	109	0.85	3.61
BakeliteHylam(10/50/e)	9003	4.5	10.9	9.1	34.2	81.6	3.0	4.68	5.5	1.34	1.72	2.98	5.5	18.0	47	60.00	20.15	2:3	80	78	54	29	64	40	3.00	1.75
BallarpurInd(10/100/e)	9003	21.0	100.9	180.0	58.1	572.0	17.8	66.46	11.3	39.66	49.63	18.81	13.1	28.0	12	310.00	16.48	1:2	89	74	310	112	310	240	0.90	5.34
BarodaRayon(100/5/e)	9003	18.0	51.6	0.0	386.9	245.5	2.5	39.05	15.8	23.82	23.82	131.83	34.1	25.0	19	835.00	6.33	1:2	82	23	1875	435	940	400	2.99	2.16
BASF(10/50/e)	9103	6.4	18.5	2.5	39.0	102.3	2.0	13.18	12.6	5.60	5.51	8.76	20.4	20.0	23	170.00	19.40	1:2	90	71	240	110	230	100	1.18	4.36
Bata(10/50/e)	8912	10.5	12.7	6.9	22.0	321.3	0.5	9.39	2.9	3.61	3.61	3.44	12.0	15.0	44	120.00	34.90	1:1	87	93	107	64	120	76	1.25	5.44
Bayer(100/5/e)	9003	16.2	17.7	0.0	208.8	148.1	2.2	11.29	7.5	5.32	5.32	32.80	15.7	20.0	61	1080.00	32.93	1:1	87	78	1100	600	1100	600	1.85	5.17
BergerPaints(10/100/e)	9003	4.2	16.3	3.2	48.9	100.5	0.4	2.64	2.6	1.76	1.72	4.20	7.4	20.0	49	42.50	10.12	1:1	88	47	55	35	48	35	4.72	0.87
Best&Cromp(10/50/e)	9003	7.6	16.6	4.8	32.0	176.9	2.3	3.68	2.1	2.06	1.46	2.72	7.1	10.0	52	50.00	18.35	3:5	82	27	78	35	54	26	2.01	1.56
Bhadrachalam(10/50/e)	9003	10.6	24.4	0.0	33.1	123.0	1.0	15.23	12.3	8.11	12.61	7.63	23.0	32.5	27	180.00	23.61	–	–	–	154	80	180	75	1.80	5.43
BharatForge(10/50/e)	9003	14.6	44.3	0.0	40.3	184.7	11.8	21.08	10.7	9.91	8.39	6.77	16.8	22.8	40	245.00	36.19	1:1	88	59	275	85	260	140	0.93	6.09
BharatVijay(100/5/e)	9003	2.8	13.1	6.5	571.5	76.0	1.2	5.62	7.3	2.90	2.40	104.69	13.0	22.0	25	1100.00	10.51	1:6	83	54	1500	475	1150	570	2.00	1.92
BiharAlloys(10/50/e)	9003	8.3	0.9	0.0	11.1	93.5	0.3	0.30	0.3	-1.76	-1.76	-4.46	-40.1	--	NA	16.00	NA	–	–	–	40	19	23	14	NA	1.44
BimetalBear(10/50/e)	9003	3.8	12.1	0.0	41.7	27.4	1.0	7.60	26.7	3.93	4.11	10.26	24.6	21.0	19	205.00	19.98	1:1	89	76	230	80	205	120	1.02	4.92
BindalAgro(10/50/e)	8912	14.9	48.3	0.0	42.5	122.1	5.4	16.41	12.9	13.01	13.01	8.76	20.6	50.00	57	52.00	5.94	–	–	–	85	38	55	36	9.61	1.22
BirlaJute(10/100/e)	9003	20.4	95.3	64.5	56.8	467.8	16.2	26.60	5.5	4.65	4.69	2.28	2.6	18.0	78	340.00	148.9	1:1	86	86	240	52	340	155	0.53	5.99
BlueStar(10/50/e)	9003	3.6	15.5	10.4	53.6	170.7	4.3	7.44	4.3	4.72	4.72	13.27	16.0	30.0	23	67.50	5.09	1:1	90	83	180	70	130	58	4.42	1.26
BombayDyeing(10/50/e)	9003	11.2	88.2	0.0	88.5	387.4	6.6	49.72	12.6	23.62	22.02	21.01	23.8	40.0	20	290.00	13.80	1:1	90	87	445	155	293	150	1.38	3.28
Boots(10/50/e)	9003	8.1	11.1	0.0	23.7	75.8	2.4	9.34	11.9	4.74	4.73	5.85	24.7	30.0	51	230.00	39.30	1:1	87	86	145	90	235	93	1.30	9.72
Britannia(10/100/e)	9003	18.6	27.3	0.0	24.7	314.3	7.0	17.36	5.4	9.76	10.14	5.26	21.3	24.0	44	198.00	37.67	1:2	89	89	170	52	200	110	1.21	8.02
BrookeBond(10/50/e)	9012	44.2	53.5	0.0	22.1	637.2	12.3	58.03	9.4	31.44	32.68	6.99	32.7	40.0	46	147.50	19.03	4:5	89	83	175	92	160	120	2.71	6.67
BST(10/50/b)	8903	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-3.21	-8.2	–	NA	9.50	NA	1:1	74	36	NA	NA	–	–	NA	0.68
CableCorp(10/100/e)	9003	9.0	25.9	0.0	38.8	128.5	3.8	15.71	11.9	9.89	9.79	10.99	28.3	28.0	26	100.00	9.10	1:2	87	71	118	60	110	89	2.80	2.58
Cadburys(10/50/e)	9003	8.4	14.7	0.0	27.5	108.4	1.0	11.65	10.7	5.30	5.55	6.31	23.0	35.0	53	196.25	31.10	1:1	87	80	189	134	200	135	1.78	7.19
Camphor&Allied(10/50/e)	9003	3.3	8.1	0.0	34.5	38.0	0.4	5.40	14.1	3.49	3.08	10.54	30.5	25.0	27	75.00	7.11	1:3	82	41	95	40	80	43	3.34	2.17
Carborundum(10/50/l)	9003	8.3	27.7	4.8	43.4	50.4	1.2	8.30	16.1	4.20	4.20	8.69	17.7	25.6	30	140.00	16.12	2:5	87	–	131	75	144	98	1.07	3.22
Castrol(10/50/f)	9103	9.8	40.3	1.7	50.9	183.9	4.4	34.00	18.1	21.08	21.11	21.40	40.7	4.5	21	417.50	19.51	3:5	90	63	320	161	434	163	1.08	8.21
Ceat(10/50/e)	9006	14.8	85.6	23.6	68.0	499.5	15.9	31.01	6.0	22.44	18.68	15.20	18.1	30.0	24	117.50	7.73	1:2	86	–	160	68	120	70	2.55	1.73
Cemindia Co(10/50/e)	9003	1.3	8.6	0.0	77.1	23.1	0.1	2.22	9.6	0.89	0.73	6.95	9.0	30.0	52	160.00	23.01	3:5	84	38	150	75	165	80	1.86	2.07
ChowguleStShip(10/50/e)	9003	10.0	2.4	0.0	12.4	53.3	0.0	13.75	25.8	2.29	2.29	2.29	18.5	–	NA	106.00	46.29	5:2	77	35	34	14	115	13	NA	8.59
ClassicDiam(10/100/e)	9003	3.5	7.1	0.0	30.2	73.2	0.1	5.50	7.5	5.18	5.26	14.80	49.0	20.0	13	59.00	3.99	–	–	–	84	48	60	38	3.39	1.95
CochinRef(100/5/e)	9003	71.7	136.5	0.0	290.4	1342.6	0.7	94.75	7.1	64.46	68.76	89.91	31.0	21.0	21	800.00	8.90	–	–	–	996	480	950	670	2.51	2.75
ColourChem(100/5/e)	9103	7.9	16.9	0.0	312.7	131.9	6.1	9.27	6.7	4.16	4.99	52.34	16.7	22.0	35	1200.00	22.93	2:5	80	84	850	575	1250	625	1.84	3.84
ConsFounda(10/100/e)	9003	0.5	1.2	0.0	33.5	7.1	0.7	0.80	10.2	0.13	0.15	2.50	7.5	14.0	47	20.00	8.00	–	–	10	45	20	25	11	6.73	0.80

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months; m-6 months.

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 28 Aug	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice High 1990 Rs	MarketPrice Low 1990 Rs	MarketPrice High 1991 Rs	MarketPrice Low 1991 Rs	Yield on Mkt Price (%)	Price to BkVal Times
CromptonGr(100/5/e)	9003	19.2	38.8	27.8	302.3	510.4	7.0	27.26	5.3	13.08	13.45	68.13	15.2	18.0	26	1350.00	19.82	1:1	89	84	1800	800	1375	683	1.33	4.47
Cyanamid(10/50/e)	9003	5.3	12.5	0.0	33.8	66.8	2.4	8.27	12.0	4.09	4.06	7.79	23.0	25.0	32	170.00	21.82	9:4	79	73	150	86	173	81	1.47	5.03
DCM(10/100/e)	9003	23.0	37.8	0.0	26 4	774.8	25.5	25.48	3.2	9.85	7.63	4.28	16.2	--	NA	250.00	58.43	4:5	71	61	110	46	300	123	NA	9.46
DCW(10/50/e)	9003	5.9	23.5	5.0	49.8	133.6	2.1	13.27	9.8	6.41	4.51	10.88	18.6	25.0	33	110.00	10.11	1:1	88	67	155	40	113	55	2.27	2.21
DeepakFert(10/50/e)	9003	32.7	37.1	0.0	21.3	36.2	13.7	21.86	43.9	11.95	11.97	3.58	16.8	18.0	31	28.75	8.02	–	–	–	44	26	32	24	3.88	1.35
DeepakNitrite(10/50/e)	9003	2.4	8.4	8.8	44.7	37.5	4.8	5.90	13.9	3.54	3.63	14.57	18.0	30.0	20	110.00	7.55	2:5	85	81	155	80	110	81	2.73	2.46
DharamsiChem(10/50/e)	9003	6.4	14.8	0.0	33.0	120.8	2.4	10.51	8.5	6.22	4.09	9.69	29.3	25.0	39	55.00	5.68	2:5	79	88	100	40	75	40	4.56	1.67
Dunlop(10/100/e)	9003	19.0	67.2	88.8	45.4	572.7	8.4	26.80	4.6	8.15	9.08	4.25	4.6	30.0	63	80.00	18.83	1:3	76	54	90	50	83	33	3.75	1.76
Duphar(10/50/e)	9103	1.8	5.0	0.0	37.0	39.1	0.8	2.58	6.5	1.16	1.16	6.29	17.0	15.0	24	100.00	15.90	1:3	88	74	100	40	105	59	1.50	2.70
EicherMotors(10/100/e)	9003	10.0	0.3	0.0	10.3	113.6	0.6	4.25	3.7	3.21	3.21	3.21	31.3	–	NA	46.25	14.39	–	–	–	56	13	54	34	NA	4.51
EID-Parry(10/50/f)	9003	6.3	18.2	13.2	39.0	162.5	26.3	12.74	6.7	5.10	5.10	10.83	18.0	29.9	28	135.00	12.47	–	–	–	105	72	140	69	1.66	3.46
EleconEngg(10/50/e)	9003	5.7	26.6	0.0	57.1	99.8	1.7	7.54	7.4	0.78	1.03	1.38	2.4	12.0	66	50.00	36.22	3:5	87	61	88	53	55	48	2.41	0.88
ElgiEquip(10/50/e)	9003	1.0	10.9	0.0	119.0	58.4	0.8	4.03	6.8	1.77	1.77	17.70	14.9	20.0	11	350.00	19.77	1:1	86	88	350	200	350	190	0.57	2.94
Enfield(10/100/e)	9103	8.0	0.0	8.5	10.0	81.6	0.5	0.19	0.2	-2.50	-2.50	-3.11	-15.2	–	NA	24.00	NA	1:1	85	31	21	6	–	–	NA	2.40
EnglishElect(10/100/e)	9103	18.0	18.2	0.0	20.1	128.7	1.7	15.20	11.7	7.06	19.03	3.92	19.5	13.5	13	96.00	24.48	1:1	90	88	154	56	133	63	1.41	4.77
Escorts(10/50/e)	9103	33.9	124.9	21.3	46.8	942.6	33.3	65.49	6.7	33.40	33.39	9.85	18.5	35.0	36	167.50	17.00	3:5	86	57	215	78	172	135	2.09	3.58
Eskayef(10/50/e)	9003	7.5	26.6	0.0	45.4	67.2	1.1	12.64	18.5	7.83	7.83	10.44	23.0	30.0	29	235.00	22.51	1:2	88	33	200	116	237	110	1.28	5.17
EssarShipp(10/100/e)	9006	46.4	71.2	0.4	25.3	149.0	0.6	59.07	39.5	36.42	37.08	7.77	30.6	22.0	28	54.50	7.02	–	–	–	49	25	65	20	4.04	2.15
EssenComp(10/50/e)	9003	1.3	8.4	0.0	73.2	23.6	0.8	2.81	11.5	1.80	1.80	13.53	18.5	25.0	18	30.00	2.22	–	–	–	120	48	75	17	8.27	0.41
EverestBldg(10/50/e)	9003	2.5	15.4	0.0	72.3	78.2	2.0	6.69	8.3	4.39	3.56	17.77	24.6	20.0	24	127.50	7.17	1:3	66	41	290	95	160	88	2.73	1.76
ExcelInd(10/50/e)	9003	4.6	18.1	0.0	49.1	101.9	4.8	14.79	13.9	9.23	7.38	19.98	40.7	50.0	31	430.00	21.52	4:5	84	84	430	167	440	220	1.16	8.76
FerroAlloys(10/50/e)	9003	8.7	55.8	0.0	73.9	215.9	5.2	22.31	10.1	14.74	14.46	16.88	22.8	16.2	10	75.00	4.44	1:2	80	43	126	45	78	33	2.15	1.01
FinolexCables(10/50/e)	9003	3.2	38.5	0.0	128.9	109.8	7.1	13.59	11.6	9.15	9.15	28.24	21.9	50.0	18	240.00	8.50	4:5	88	44	410	195	260	170	2.08	1.86
FinolexPipes(10/100/e)	9003	10.9	6.5	0.0	16.0	74.1	2.0	4.77	6.3	3.17	3.48	2.91	18.2	18.0	39	33.00	11.36	–	–	51	65	24	33	20	3.81	2.06
GE Shipping(10/100/f)	9003	68.1	87.0	0.0	22.8	213.1	16.0	78.27	34.2	39.84	3.91	5.85	25.7	20.0	218	99.00	16.91	2:3	81	36	55	27	103 **	26	1.26	4.35
GeneralElect(10/50/e)	9003	14.4	24.4	0.0	27.0	173.3	2.6	8.96	5.1	5.20	5.20	3.61	13.4	10.0	28	74.00	20.49	1:1	89	77	48	8	74	30	1.35	2.74
GermanRem(10/50/e)	9003	3.3	9.2	0.0	38.3	69.8	4.2	7.27	9.8	4.32	4.47	13.25	34.6	20.0	15	140.00	10.56	3:5	82	80	400	68	155	85	1.42	3.66
Glaxo(10/50/e)	9103	20.0	61.2	0.0	40.6	410.3	12.9	26.27	6.2	10.60	10.60	5.30	13.0	27.0	51	175.00	33.03	1:3	80	54	128	80	182	83	1.54	4.31
GNFC(10/50/e)	9003	89.0	99.9	0.0	21.2	330.4	3.8	55.00	16.5	5.68	5.68	0.64	3.0	10.0	125	43.00	67.37	–	–	–	60	33	47	34	1.86	2.03
GodfreyPhil(10/100/e)	9003	2.6	6.4	0.0	34.8	466.1	2.4	9.61	2.1	3.97	3.97	15.19	43.7	50.0	33	435.00	28.63	1:1	75	34	250	48	450	175	1.15	12.51
GokakPatel(10/50/e)	9003	6.5	26.0	0.0	49.8	101.7	2.8	15.43	14.8	8.93	7.43	13.70	27.5	32.1	28	320.00	23.36	1:1	87	79	270	75	320	150	1.00	6.42
GoodlassNero(10/50/e)	9103	3.2	10.3	7.5	41.9	167.0	0.6	5.67	3.4	2.82	2.82	8.71	13.4	22.5	26	67.50	7.75	5:7	78	57	160	60	88	53	3.33	1.61
GordonWood(10/50/e)	9003	2.5	1.1	3.4	14.6	15.8	3.0	-0.71	-3.8	-0.85	-0.85	-3.41	-12.1	–	NA	19.00	NA	–	–	23	18	7	20	7	NA	1.30
GraphiteIndia(10/50/e)	9003	4.2	11.6	0.0	37.5	55.5	1.6	5.20	9.1	2.85	2.93	6.77	18.0	20.0	29	45.00	6.65	1:2	80	56	56	15	53	32	4.43	1.20
Grasim(10/50/e)	9103	60.5	343.7	49.5	66.8	1229.0	94.4	183.5	13.9	96.00	130.0	15.83	21.1	35.0	16	328.75	20.77	3:4	88	61	278	106	335	168	1.03	4.92
GreavesCotton(100/50/e)	9003	9.9	27.6	0.0	379.9	212.9	3.6	11.13	5.1	5.27	6.54	53.14	14.0	18.0	27	107.50	2.02	1:2	88	86	115	70	109	60	16.70	0.28
GSFC(10/50/e)	9003	44.4	335.7	0.0	85.6	682.5	10.9	88.78	12.8	54.09	40.08	12.17	14.2	30.0	29	255.00	20.95	3:10	87	64	308	155	260	158	1.01	2.98
GTC Ind(10/50/e)	9003	5.0	14.7	43.7	39.3	223.2	21.6	8.13	3.3	5.40	5.40	10.80	8.5	35.0	32	175.00	16.20	1:4	72	66	85	21	195	55	2.00	4.45
Guj Alkalies(10/50/e)	9003	17.9	33.9	0.0	28.9	112.4	0.8	20.31	17.9	7.55	6.05	4.22	14.6	26.0	77	175.00	41.51	1:5	87	18	140	75	175	120	1.49	6.06
Guj Ambuja(10/100/e)	9006	20.0	15.1	0.0	17.5	117.2	1.9	23.29	19.6	14.51	14.46	7.26	41.4	25.0	35	257.50	35.49	–	–	–	136	21	265	94	0.97	14.68
Guj Steel(10/50/e)	9003	4.6	11.1	6.5	34.1	125.2	0.3	4.52	3.6	1.97	1.97	4.28	8.9	15.0	35	22.00	5.14	1:1	82	57	47	22	27	19	6.82	0.65
HCL(10/100/e)	9006	14.9	29.4	0.0	29.8	226.7	3.3	7.93	3.4	5.65	6.14	3.80	12.8	10.0	24	77.50	20.37	–	–	–	70	24	83	30	1.29	2.60
HDFC(100/10/e)	9103	45.0	108.6	0.0	341.4	263.0	0.5	43.32	16.4	29.81	29.81	66.24	19.4	22.0	19	430.00	6.49	–	–	–	480	300	560	250	2.97	1.26
Herdillia(10/50/e)	9103	7.4	35.4	12.9	58.2	107.7	7.3	12.98	11.3	6.31	7.57	8.58	11.3	26.0	25	150.00	17.47	1:2	78	33	140	75	155	78	1.73	2.58
HeroHonda(10/50/e)	9003	16.0	0.0	0.0	10.0	149.8	2.9	6.97	4.6	-0.32	-0.32	-0.20	-2.0	--	NA	130.00	NA	--	–	–	85	15	138	58	NA	12.99
Hind Ciba(100/5/e)	9003	17.7	48.2	0.0	371.9	246.3	4.6	31.14	12.4	13.74	13.74	77.58	20.9	32.0	41	1950.00	25.13	1:2	80	74	1900	650	1975	700	1.64	5.24
Hind Motors(10/100/e)	9003	26.4	46.7	31.6	27.7	609.7	7.9	14.97	2.4	2.02	4.67	0.77	1.9	7.5	42	36.25	47.32	1:1	86	58	57	20	38	17	2.07	1.31
HindLever(10/50/e)	9012	93.3	162.1	0.0	27.4	1201.1	6.0	128.0	10.4	65.85	74.03	7.06	23.5	42.0	59	156.25	20.23	1:1	87	91	173	101	195	144	2.69	5.71
HMM (10/50/e)	9003	14.2	28.0	0.0	29.7	141.1	5.0	28.03	19.2	16.98	18.03	11.97	40.3	62.0	49	417.50	34.87	1:1	87	96	403	230	423	305	1.48	14.04
Hoechst(100/5/e)	9003	9.6	40.0	16.1	517.0	256.9	29.5	14.17	4.9	9.05	6.44	94.47	13.8	20.0	30	4150.00	43.93	1:2	82	72	3300	1260	4250	2650	0.48	8.03
HyderabadInd(10/50/e)	9003	5.7	41.3	8.5	82.8	133.8	4.4	14.24	10.3	7.37	7.37	13.00	13.3	30.0	23	160.00	12.31	1:1	88	83	153	77	175	130	1.87	1.93
ICI India(10/50/e)	9003	40.9	38.8	71.8	19.5	507.2	137.7	18.32	2.8	-12.19	-12.19	-2.98	-8.1	--	NA	70.00	NA	1:3	78	21	70	31	80	28	NA	3.59
IndiaCements(10/50/e)	9003	4.9	20.9	22.9	52.6	146.5	2.1	7.45	5.0	2.81	2.47	5.73	5.8	15.0	30	290.00	50.57	2:5	70	29	170	15	290	88	0.52	5.51
IndiaFoils(10/50/e)	9003	4.4	16.2	3.7	47.0	113.3	1.3	5.13	4.5	2.10	2.10	4.79	8.7	23.0	48	100.00	20.86	1:4	82	11	100	65	100	75	2.31	2.13
IndianAlum(10/100/d)	8903	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	5.35	20.5	20.0	37	210.00	39.29	2:5	77	38	260	110	213	150	1.19	8.05
IndianDystuff(100/5/e)	9003	11.3	17.0	14.2	250.1	206.3	10.7	13.46	6.2	4.18	3.25	36.96	9.8	14.0	49	1135.00	30.71	1:4	80	33	850	250	1150	450	1.23	4.54
IndianHotels(10/50/e)	9003	14.8	51.4	0.0	44.8	138.3	3.3	20.57	14.5	11.52	8.52	7.79	17.4	25.0	43	145.00	18.62	1:2	89	66	135	83	150	90	1.73	3.24
IndianOrganic(10/50/e)	9003	18.4	26.4	0.0	24.3	240.4	5.2	22.16	9.0	8.52	8.52	4.63	19.0	15.0	32	65.00	14.04	1:2	85	46	91	35	66	31	2.31	2.67
IndianRayon(10/50/e)	9003	25.4	134.5	58.4	62.9	405.2	8.9	47.55	11.5	19.79	19.86	7.78	9.1	30.0	38	209.00	26.87	1:4	80	3	175	84	213	114	1.44	3.32
IndiaSteamship(10/50/e)	8903	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	11.72	-26.6	–	NA	23.00	1.96	1:1	75	27	19	12	22	9	NA	NA

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months.; m-6 months.

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 28 Aug	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	Market Price High 1990 Rs	Market Price Low 1990 Rs	Market Price High 1991 Rs	Market Price Low 1991 Rs	Yield on Mkt Price (%)	Price to BkVa Time
IngersollRand(10/50/e)	9003	15.8	34.3	0.0	31.7	111.3	7.8	21.96	18.4	14.34	15.09	9.09	28.7	25.0	26	350.00	38.51	1:1	89	98	305	190	385	240	0.72	11.04
IOL (10/50/e)	9003	14.6	18.1	13.4	22.4	168.4	1.4	7.85	4.6	0.25	1.80	0.17	0.5	10.0	81	78.00	455.5	1:3	85	81	56	31	80	30	1.28	3.49
ITC(10/100/e)	9003	66.3	152.3	0.0	33.0	1807.6	19.7	98.93	5.4	52.62	48.87	7.93	24.1	37.5	51	287.00	36.18	1:1	89	63	180	50	290	103	1.31	8.71
Jagatjitind(10/100/e)	9003	6.1	23.3	3.8	48.4	151.6	1.5	13.44	8.8	5.97	6.34	9.83	18.0	35.0	34	125.00	12.71	1:1	88	92	120	74	140	80	2.81	2.58
Jaiprakash(10/100/e)	9003	66.1	49.0	9.5	17.4	309.9	17.9	42.50	13.0	17.04	17.11	2.58	13.7	15.0	58	54.00	20.96	–	–	–	37	13	55	18	2.77	3.10
JayshreeTea(10/50/e)	9103	6.2	33.3	22.2	64.2	126.0	27.1	28.26	18.5	12.89	19.30	20.96	20.9	32.5	10	220.00	10.50	1:2	85	92	240	77	240	170	1.48	3.43
Jenson&Nichol(10/50/e)	9003	1.5	6.0	1.9	50.1	76.8	0.4	2.82	3.7	1.84	1.84	12.16	19.4	20.0	16	85.00	6.99	8:7	82	35	148	69	91	73	2.35	1.70
JindalStrips(10/100/e)	9003	6.6	27.0	0.0	50.8	276.0	4.9	19.06	6.8	11.92	9.67	18.06	35.5	40.0	16	345.00	19.10	1:1	89	79	280	100	345	135	0.69	6.79
JK Synth(10/100/e)	8903	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	4.69	6.5	22.0	39	46.00	9.82	1:3	83	53	90	35	56	27	4.05	1.05
Jyoti(10/50/e)	9003	2.7	10.2	8.5	48.2	48.3	0.2	-0.06	-0.1	-0.64	-0.99	-2.39	-3.0	–	NA	36.00	NA	1:2	77	24	40	8	37	18	NA	0.78
KanoriaChem(10/100/e)	9003	4.0	17.1	0.0	52.4	74.6	3.7	6.11	7.8	1.07	1.17	2.65	5.1	15.0	51	72.00	27.19	1:2	89	78	48	13	72	27	2.06	1.37
KEC Inter(10/50/e)	9003	7.3	32.3	4.3	54.0	112.7	3.2	5.31	4.6	2.89	3.31	3.94	6.6	18.0	36	42.00	10.67	1:1	83	24	75	37	54	34	3.89	0.78
KesoramInd(10/100/e)	9003	11.5	54.7	46.4	57.7	217.5	8.1	10.86	4.8	-1.70	3.14	-1.60	-1.6	8.7		175.00	NA	1:2	79	54	135	42	180	65	0.50	3.03
KineticEngg(10/50/e)	9003	2.4	22.6	0.0	104.1	122.0	2.6	13.74	11.0	3.70	1.84	15.42	14.8	25.0	33	197.50	12.81	1:1	89	78	355	134	225	160	1.27	1.90
KineticHonda(10/100/i)	8903	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	1.35	10.5	–	NA	92.00	68.37	–	–	–	98	40	98	54	NA	7.17
KirloskarCum(10/50/e)	9003	26.4	50.0	0.0	29.0	227.3	5.9	25.70	11.0	11.65	9.66	4.41	15.2	20.0	55	185.00	41.92	1:1	86	94	125	65	190	104	1.08	6.39
KirloskarOil(10/50/e)	9003	5.8	17.3	0.0	40.1	140.2	4.1	7.30	5.1	3.41	2.93	5.74	14.3	16.0	33	84.00	14.64	3:7	76	77	70	27	85	34	1.90	2.09
KirloskarPneu(10/50/e)	9003	3.9	11.1	0.0	38.8	75.0	2.8	6.84	8.8	2.79	2.74	7.25	18.7	18.0	25	45.00	6.21	–	–	–	88	37	58	35	3.98	1.16
KothariInd(10/50/f)	9003	7.8	9.9	40.0	22.6	50.5	6.0	7.58	13.4	6.35	5.31	10.80	14.7	24.0	26	87.50	8.10	–	–	–	108	32	88	45	1.98	3.88
KSB Pumps(10/50/e)	9103	8.7	24.2	0.0	37.8	57.1	2.2	13.60	23.0	7.13	7.13	8.20	21.7	25.0	31	240.00	29.28	1:1	89	90	260	160	240	170	1.04	6.34
L & T(10/50/e)	9003	68.1	268.6	80.0	49.5	1091.6	26.8	99.51	8.9	38.73	42.97	5.69	9.3	25.0	37	149.00	26.19	3:5	86	56	173	57	165	90	1.57	3.01
LakhanpalNat(10/50/e)	9003	4.6	8.1	0.0	27.7	67.5	2.0	2.19	3.2	0.93	0.08	2.04	7.4	16.0	800	74.00	36.36	1:1	87	25	40	23	76	27	1.89	2.68
LakshmiMach(100/5/e)	9003	6.1	25.3	0.0	513.9	185.4	0.7	21.07	11.3	8.44	8.44	138.36	26.9	25.0	18	4000.00	28.91	1:2	89	58	4250	690	4200	2715	0.63	7.78
MadrasCement(100/5/e)	9103	3.0	30.5	0.0	1107.1	139.4	0.5	29.12	20.8	18.51	19.41	608.7	55.0	30.0	5	6500.00	10.68	–	–	–	4200	421	6600	3100	0.46	5.87
MaduraCoats(10/50/e)	9003	21.8	56.5	55.6	35.9	337.1	5.4	34.65	10.1	18.47	18.74	8.47	13.8	40.0	47	220.00	25.98	1:2	86	47	325	101	265	183	1.82	6.13
MafatlalDyes(10/50/e)	9003	2.1	7.1	0.0	44.0	50.5	1.3	2.26	4.4	1.14	1.14	5.43	12.4	20.0	37	70.00	12.89	1:4	89	80	63	29	74	30	2.86	1.59
MafatlalFine(100/5/e)	9003	14.9	19.0	0.0	227.6	204.3	20.6	2.00	0.9	-4.79	-4.35	-32.19	-14.1	–	NA	695.00	NA	1:3	80	39	770	205	705	330	NA	3.05
MafatlalInd(100/5/e)	9003	13.5	43.8	0.0	425.7	150.2	12.2	11.15	6.9	3.05	3.05	22.68	5.3	22.0	97	1300.00	57.33	1:5	78	25	1450	360	1425	650	1.69	3.06
MahaScooters(10/50/e)	9003	2.9	36.4	0.0	137.4	109.8	14.1	16.96	13.7	12.36	10.14	43.22	31.5	40.0	11	225.00	5.21	1:1	90	65	570	175	230	170	1.77	1.64
Mah&Mah(10/50/e)	9003	19.3	84.5	29.0	53.9	883.6	38.0	40.15	4.4	15.97	12.60	8.29	12.0	25.0	38	92.50	11.16	2:3	84	72	130	65	115	65	2.71	1.72
MangChem(10/50/b)	9009	59.7	0.2	0.0	10.0	225.2	0.8	-24.75	-10.9	-39.29	-39.29	-6.58	-65.6	0.0	NA	25.00	NA	–	–	–	39	14	26	11	NA	2.49
McDowells(10/100/e)	9003	7.7	54.0	55.6	80.3	230.2	9.8	14.59	6.1	8.11	8.11	10.55	6.9	25.0	24	73.00	6.92	1:1	86	–	100	64	74	56	3.42	0.91
Mico(100/5/e)	9012	38.1	78.4	0.0	306.1	325.0	7.4	59.90	18.0	14.93	15.89	39.23	12.8	14.0	34	1550.00	39.51	1:1	86	91	1350	690	1625	700	0.90	5.06
ModiInd(10/100/e)	9003	3.3	4.5	10.9	23.5	197.0	7.9	-6.61	-3.2	-10.19	-14.17	-30.91	-54.8	–	NA	16.00	NA	1:5	69	26	33	15	20	10	NA	0.68
ModiRubber(10/50/e)	9003	10.4	56.0	0.0	63.9	473.8	8.5	25.06	5.2	6.08	7.16	5.86	9.2	25.0	36	92.50	15.79	–	–	–	100	44	93	50	2.71	1.45
ModiSteels(10/100/e)	9003	2.4	2.5	0.0	20.5	20.6	0.4	1.52	7.2	1.08	1.08	4.58	22.3	18.0	40	42.50	9.29	1:1	87	14	48	23	43	28	4.29	2.07
ModiXerox(10/50/e)	9003	19.5	4.7	0.0	12.4	123.8	0.5	12.31	9.9	6.03	6.03	3.10	25.0	16.0	52	92.50	29.87	–	–	–	110	60	93	60	1.73	7.46
MRF(10/50/m)	9009	3.9	63.2	0.0	173.8	341.7	1.6	26.35	7.7	9.54	8.36	49.45	28.4	30.0	14	680.00	13.75	1:2	75	46	470	190	700	300	0.44	3.91
Mukand(10/50/e)	9003	14.7	49.5	43.3	43.6	527.4	5.0	32.24	6.1	19.03	13.77	12.91	17.7	30.0	32	148.75	11.52	1:2	88	72	275	127	233	117	2.02	3.41
NationalRayon(100/5/e)	9003	6.0	8.2	63.5	237.1	201.6	2.0	13.10	6.4	10.89	10.89	181.20	14.0	–	NA	1050.00	5.79	1:4	72	23	1700	385	1075	328	NA	4.46
NationalSteel(10/100/e)	9003	10.8	2.9	0.0	12.7	73.7	0.5	2.67	3.6	0.45	0.38	0.42	3.3	–	NA	15.50	37.27	–	–	–	31	9	18	12	NA	1.22
NipponDenro(10/100/i)	9006	19.2	35.5	0.0	28.5	408.1	1.8	24.23	5.9	13.24	13.60	5.90	20.7	22.0	28	31.00	5.25	–	–	–	61	36	40	23	6.48	1.09
Nirlon(10/50/e)	9003	15.8	7.2	16.1	14.6	164.4	2.0	-8.20	-4.9	-20.65	-18.64	-13.10	-52.9	–	NA	29.00	NA	1:2	82	48	43	14	39	17	NA	1.99
NOCIL(100/5/e)	9103	36.0	131.2	0.0	464.5	498.1	17.9	74.45	14.4	35.75	35.76	99.32	21.4	40.0	40	1610.00	16.21	1:2	86	67	1900	900	1900	925	2.48	3.47
OrientalCarbon(10/50/e)	9003	3.2	9.0	5.7	37.8	50.8	0.2	3.59	7.1	1.17	2.50	3.63	6.6	20.0	26	42.00	11.56	1:3	89	25	90	34	68	35	4.73	1.11
OrientPaper(10/100/e)	9003	11.5	83.8	0.0	83.2	237.8	5.5	17.79	7.3	4.71	9.56	4.10	4.9	18.0	22	180.00	43.9	1:1	86	–	180	65	210	125	1.01	2.16
OrissaCement(10/100/e)	9103	5.4	43.7	13.7	90.9	145.1	5.0	23.26	15.5	14.19	14.47	26.28	22.6	25.0	9	330.00	12.56	1:1	87	58	175	25	350	125	0.76	3.63
OTIS(10/50/e)	9003	5.4	20.3	0.0	47.9	59.1	1.5	8.76	14.5	4.04	3.57	7.52	15.7	25.0	36	205.00	27.25	1:1	85	80	265	170	220	170	1.15	4.28
ParkeDavis(10/50/e)	9003	7.5	9.8	0.0	23.0	81.2	0.6	8.46	10.3	5.17	5.19	6.87	29.8	35.0	51	127.50	18.57	3:5	78	31	133	80	130	70	2.75	5.53
PeicoElect(10/100/e)	9103	33.3	38.9	17.2	21.7	564.2	5.1	42.16	7.4	28.73	21.58	8.62	32.1	20.0	31	125.00	14.50	1:5	82	49	85	17	128	53	1.60	5.76
PhillipsCarbon(10/50/e)	9009	5.3	6.9	2.5	23.2	82.9	2.4	2.55	3.0	0.90	0.83	1.71	6.1	14.0	89	61.25	35.80	2:5	84	70	53	33	62	30	2.30	2.64
Polyolefins(100/5/e)	9103	19.3	64.8	0.0	435.9	256.9	9.1	38.20	14.4	16.06	16.07	83.24	19.1	40.0	48	1625.00	19.52	1:2	88	69	1525	850	1650	900	2.46	3.73
PrakashTubes(10/50/e)	9003	3.5	10.7	2.8	40.4	81.6	0.8	6.57	8.0	3.23	1.17	9.20	19.0	24.0	72	40.00	4.35	3:4	81	9	80	33	46	31	5.98	0.99
PremierAuto(10/50/e)	9006	22.8	73.9	50.1	42.5	551.0	10.7	29.41	5.2	15.82	14.27	6.95	10.8	30.0	46	61.00	8.77	1:1	86	38	80	37	65	32	4.70	1.44
Procter&Gamble(10/50/e)	9006	6.7	15.2	0.0	32.8	75.3	1.5	6.40	8.3	4.48	5.60	6.71	20.4	30.0	36	300.00	44.73	4:5	88	82	390	185	300	190	1.00	9.14
PudumjeePulp(10/50/e)	9103	3.1	22.1	0.0	81.9	60.9	2.3	11.45	18.1	4.90	4.90	15.91	19.4	18.0	11	142.50	8.96	1:5	82	55	200	90	148	83	1.26	1.74
PunjabConcast(10/50/f)	8903	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	41.69	40.7	33.3	7	310.00	7.43	–	–	–	350	157	340	160	0.79	3.03
PunjabTractors(10/50/e)	9003	3.2	26.9	0.0	95.3	158.6	2.1	13.81	8.6	7.57	6.41	24.03	25.2	50.0	25	280.00	11.65	2:5	81	29	400	135	280	140	1.79	2.94
Rallis(10/50/e)	9003	9.5	35.6	0.0	47.3	356.0	4.6	5.63	1.6	1.83	1.83	1.92	4.1	10.0	52	110.00	57.28	3:10	77	12	130	67	141	71	0.91	2.33
RanbaxyLabs(10/50/e)	9103	9.1	41.4	0.0	55.4	248.4	11.9	16.68	6.4	12.02	12.38	13.18	23.8	25.0	18	285.00	21.62	1:1	88	26	130	86	285	100	0.88	5.14

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-6 months; j-17 months; k-13 months; l-7 months; m-6 months.

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 28 Aug	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
Rasoi (10/50/e)	9003	1.2	6.6	0.0	64.7	59.3	1.1	1.64	2.7	0.64	0.84	5.33	8.2	20.0	29	82.50	15.47	1:2	85	35	85	48	83	45	2.42	1.28
RathiAlloys(10/50/e)	9003	2.9	19.5	0.0	77.3	112.0	0.5	6.41	5.7	3.59	8.14	12.42	16.1	40.0	14	55.00	4.43	–	–	–	180	53	70	41	7.23	0.71
Raymonds(10/50/e)	9003	22.5	83.6	0.0	47.2	376.6	8.7	41.07	10.7	18.50	18.12	8.08	17.1	20.0	25	201.25	24.90	1:1	87	78	175	70	203	118	1.00	4.26
Reckitt&Col(10/50/e)	8912	8.4	18.1	0.2	31.6	85.2	2.4	14.09	16.1	7.93	7.96	9.45	29.7	40.0	42	250.00	26.45	1:1	88	70	280	198	340	205	1.60	7.92
RelianceInd(10/50/e)	9003	152.1	929.1	0.0	71.1	1840.7	16.9	252.5	13.6	90.50	93.40	5.89	8.3	30.0	49	200.00	33.94	3:5	83	10	245	50	205	91	1.50	2.81
ReliancePetro(10/100/e)	8903	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	0.58	5.8	15.0	90	29.50	50.81	–	–	–	57	21	49	26	1.78	2.93
Revathi CP(10/50/f)	9003	1.6	3.9	0.4	33.9	17.2	0.1	1.64	9.5	0.93	0.95	7.62	20.9	26.5	34	120.00	15.75	1:1	87	50	100	67	120	75	1.66	3.54
RhonePoulenc(10/50/e)	9003	4.5	11.3	0.0	35.2	74.2	2.5	6.19	8.1	4.43	4.43	9.84	28.0	15.0	15	165.00	16.76	–	–	–	125	69	173	83	0.92	4.69
SandvikAsia(100/5/e)	9012	5.8	14.0	0.0	341.4	61.1	1.1	11.74	18.8	5.04	5.53	87.12	25.5	30.0	31	2150.00	24.68	1:1	84	80	1500	610	2225	725	1.39	6.30
Searle (10/50/e)	9103	5.2	20.8	0.0	49.8	64.2	2.5	6.49	9.7	4.12	4.12	7.89	15.8	22.0	28	180.00	22.83	1:2	89	87	170	105	180	100	1.22	3.61
SesaGoa(10/50/e)	9003	5.2	12.7	0.0	34.7	74.7	3.2	7.58	9.7	3.38	3.42	6.56	18.9	18.0	27	600.00	91.42	2:5	86	42	220	89	620	125	0.30	17.31
SeshaPaper(10/100/e)	9003	7.3	0.0	0.0	10.0	58.6	1.4	1.54	2.6	-1.53	-1.53	-2.11	-21.1	–	NA	42.50	NA	1:2	76	24	35	10	45	14	NA	4.25
ShalimarPaint(10/100/e)	9003	1.9	2.1	0.0	21.2	67.2	0.4	1.01	1.5	0.72	0.72	3.81	18.0	10.0	26	70.00	18.38	3:10	82	67	60	38	70	50	1.44	3.30
ShawWallace(10/100/e)	9003	12.0	37.0	20.5	40.8	333.6	34.9	24.87	6.7	13.88	13.93	11.57	20.0	42.5	37	170.00	14.70	1:1	87	94	110	67	170	80	2.50	4.17
ShreeSynth(10/50/e)	9003	5.6	22.0	0.0	49.1	160.1	1.8	17.25	10.7	9.12	7.68	16.23	33.0	40.0	29	70.00	4.31	2:5	84	29	155	42	78	45	5.72	1.42
SI Shipping(100/5/e)	9009	6.0	36.2	0.0	702.6	74.6	2.8	28.47	36.8	18.01	18.01	300.21	42.7	40.0	13	2050.00	6.83	1:2	82	83	1750	875	2190	750	1.95	2.92
SI Viscose(100/5/e)	9003	11.0	38.5	0.0	449.0	132.7	2.1	33.85	25.i	23.59	23.59	213.87	47.6	45.0	21	1625.00	7.60	1:2	87	56	3000	1110	1715	1150	2.77	3.62
SiptaCoated(10/100/e)	9003	18.0	7.5	0.0	14.1	127.6	2.7	5.07	3.9	2.43	2.53	1.35	9.6	15.0	66	18.00	13.32	–	–	–	34	13	19	11	5.13	1.27
SiyaramSilk(10/100/e)	9003	3.7	9.8	0.0	36.6	71.6	2.1	5.10	6.9	2.16	1.94	5.90	16.1	21.0	40	60.00	10.17	1:2	88	42	98	24	74	36	3.51	1.64
SKF Bearings(100/5/e)	9003	24.7	55.4	0.0	324.1	142.0	8.2	44.83	29.9	20.76	19.44	84.01	25.9	15.0	19	2835.00	33.74	1:1	89	80	2775	1230	2925	1725	0.53	8.75
SpecialSteel(10/50/e)	9003	11.4	29.5	0.0	35.9	210.7	1.8	27.17	12.8	14.91	14.91	13.06	36.3	25.0	19	180.00	13.79	1:2	89	45	275	90	215	125	1.39	5.01
SpicElect(10/50/e)	9003	8.2	0.0	0.0	10.0	5.3	0.5	0.29	5.0	-0.53	-0.53	-0.65	-6.5	–	NA	13.50	NA	1:1	86	–	33	12	19	11	NA	1.35
StandardInd(10/50/e)	9003	11.1	37.5	30.6	43.9	223.1	18.0	13.84	5.7	1.79	1.86	1.62	2.3	20.0	119	127.50	78.78	2:5	82	72	128	53	130	51	1.57	2.90
StrawProducts(10/100/e)	9003	10.1	41.2	0.0	50.6	172.8	3.2	18.55	10.5	7.94	7.94	7.76	15.3	30.0	40	200.00	25.77	1:2	72	17	155	73	203	113	1.53	3.95
SundramFast(10/50/e)	9003	5.1	15.7	0.0	40.8	92.5	0.8	8.86	9.5	4.90	5.14	9.61	23 6	27.5	27	125.00	13.01	3:5	88	56	120	61	153	97	2.20	3.06
SupremeInd(10/50/e)	9006	2.3	29.7	0.0	140.2	115.4	0.8	8.98	7.7	5.24	5.27	22.98	16.4	60.0	26	370.00	16.10	1:1	87	70	500	225	380	190	1.62	2.64
SurajDiamond(10/100/e)	9003	10.5	30.9	0.0	39.5	135.3	0.2	11.21	8.3	10.85	10.85	10.35	26.2	25.0	13	53.50	5.17	–	–	–	65	43	56	34	2.57	1.36
SwadeshiPoly(10/50/e)	9003	3.9	19.1	16.9	58.9	66.6	2.6	4.58	6.6	1.83	1.83	4.69	4.6	17.5	37	40.00	8.52	–	–	–	95	38	45	32	4.36	0.68
SylvaniaLaxman(10/50/e)	9003	3.0	2.1	7.3	17.2	39.0	0.6	1.26	3.2	0.43	0.43	1.44	3.5	12.5	86	45.00	31.19	1:2	86	33	45	20	45	23	2.76	2.62
Synth&Chem(10/50/e)	9003	9.9	16.7	24.3	26.9	140.4	1.4	6.79	4.8	3.84	4.63	3.89	7.6	25.0	37	65.00	16.69	–	–	–	84	39	67	39	2.65	2.41
TataChem(10/50/e)	9003	49.2	259.3	0.0	62.7	266.2	42.9	77.30	25.0	40.74	36.12	8.29	13.2	30.0	41	106.25	12.82	2:5	85	27	165	63	110	60	2.82	1.69
TataPower(100/5/e)	9103	20.5	209.6	0.0	1121.6	472.3	4.2	48.93	10.3	34.64	34.63	168.81	15.1	20.0	12	2075.00	12.29	1:5	75	–	1950	410	2300	925	0.96	1.85
TataPress(10/50/e)	9003	1.6	5.6	0.0	45.9	19.8	0.8	0.62	3.0	-0.56	-0.56	-3.57	-7.8	10.0	-29	52.50	NA	7:11	83	30	75	43	55	35	1.94	1.14
TataRobins(10/50/e)	9003	3.1	5.1	0.0	26.3	36.3	1.2	2.50	6.7	0.72	0.52	2.31	8.8	16.0	96	65.00	28.17	1:4	77	5	85	36	65	35	2.47	2.47
TataTea(10/50/e)	9003	17.1	110.0	0.0	74.4	256.2	14.3	76.77	28.4	41.49	41.12	24.28	32.6	60.0	25	435.00	17.92	2:5	88	40	490	173	445	275	1.38	5.85
TataTelecom(10/100/e)	9003	4.5	5.8	0.0	23.0	24.8	0.3	2.77	11.0	1.62	1.46	3.60	15.7	–	NA	120.00	33.33	–	–	–	115	45	124	59	NA	5.23
TataUnisys(10/50/e)	9003	4.4	8.9	0.0	30.4	39.1	1.3	9.01	22.3	5.15	5.15	11.76	38.7	30.0	25	270.00	22.96	2:5	87	29	235	24	330	130	1.11	8.89
TCI(10/50/e)	9003	5.1	15.4	15.0	40.3	142.4	1.1	6.74	4.7	1.37	2.02	2.70	3.9	18.0	46	61.25	22.71	1:2	86	81	68	24	66	23	2.96	1.52
Telco(10/50/e)	9103	103.7	479.2	0.0	56.2	2527.6	68.4	288.8	11.1	142.1	131.0	13.70	24.4	40.0	32	332.50	24.28	2:5	82	0	273	110	335	144	1.20	5.91
Tinplate(10/50/e)	9003	10.1	12.2	0.0	22.0	168.0	1.9	5.55	3.3	2.57	2.61	2.54	11.5	15.0	58	57.50	22.64	4:5	76	19	53	25	58	28	2.61	2.61
Tisco(10/50/e)	9103	229.9	1194	0.0	61.9	2142.5	188.3	375.2	16.1	160.1	140.1	6.97	11.2	31.0	51	240.00	34.46	2:5	87	30	275	103	245	134	1.29	3.87
TOMCO(10/5/e)	9103	9.7	26.2	0.0	36.9	383.8	3.5	9.72	2.5	5.65	5.64	5.67	15.4	20.0	35	87.50	15.43	1:5	90	36	390	65	96	60	2.29	2.37
TribeniTiss(10/50/e)	9003	8.0	10.4	0.0	23.1	64.7	0.1	7.05	10.9	4.78	5.26	6.01	26.1	30.0	45	197.00	32.76	1:4	84	31	155	74	203	91	1.53	8.54
TVS Suzuki(10/100/e)	9003	23.1	0.0	0.0	10.0	142.2	1.6	-0.75	-0.5	-5.53	-5.20	-2.39	-23.9	–	NA	29.00	NA	–	–	–	29	9	29	11	NA	2.90
Tw.CenturyFin(10/100/e)	9003	8.9	13.4	3.0	25.1	31.3	1.9	19.44	58.5	4.04	4.03	4.55	16.0	22.0	48	29.00	6.37	2:5	85	34	55	22	39	26	7.57	1.16
UnichemLab(10/50/e)	9103	1.4	5.9	3.5	53.8	66.8	2.7	2.85	4.1	1.85	1.84	13.68	17.2	25.0	18	175.00	12.79	1:2	86	67	60	30	175	45	1.43	3.25
UnionCarbide(10/50/e)	9103	32.6	38.2	0.0	21.7	229.7	2.7	16.18	7.0	13.19	13.98	4.05	18.6	15.0	35	56.00	13.83	1:2	80	74	47	22	61	36	2.68	2.58
Unitech(10/100/e)	9003	7.2	16.5	0.0	32.9	51.1	0.3	6.34	12.3	4.48	4.97	6.21	18.9	22.0	32	40.00	6.44	–	–	57	43	25	40	25	5.51	1.22
UnivCables(10/50/e)	9003	5.3	45.7	15.2	95.6	130.7	3.0	10.27	7.7	5.59	5.59	10.47	8.4	18.6	18	100.00	9.55	1:2	79	22	140	80	110	70	1.85	1.05
VideoconInt(10/100/e)	9003	4.2	33.4	0.0	89.2	417.6	0.2	40.45	9.7	27.16	26.91	64.36	72.1	60.0	6	335.00	5.21	–	–	–	600	180	340	134	1.23	3.75
VikrantTyres(10/50/e)	9003	10.4	4.6	0.0	14.4	218.1	1.2	11.01	5.0	2.00	3.00	1.82	12.6	15.0	54	58.75	32.33	–	–	–	58	20	62	21	2.55	4.08
VindhyaTele(10/100/e)	9103	3.9	11.8	9.5	40.2	57.7	0.4	6.50	11.2	1.11	1.29	2.84	4.4	24.0	73	81.25	28.66	–	–	–	140	64	85	58	2.95	2.02
VIP Ind(10/100/a)	9003	6.0	3.5	0.0	15.8	53.1	1.0	1.11	2.1	-0.47	-0.48	-1.18	-7.4	–	NA	73.75	NA	1:1	84	59	83	17	78	40	NA	4.67
Voltas(10/50/e)	9103	19.9	55.1	0.0	37.7	545.0	4.6	30.16	5.5	18.30	15.74	9.22	24.4	27.0	34	142.50	15.46	1:2	89	49	145	65	145	95	1.89	3.78
VST Ind(10/50/e)	9003	9.7	13.2	16.4	23.7	374.6	2.3	13.72	3.6	5.93	5.93	6.15	15.1	30.0	49	150.00	24.41	3:5	89	85	145	33	155	95	2.00	6.33
WestCoastPaper(100/5/e)	9003	4.1	8.3	0.0	302.2	105.4	1.4	6.16	5.8	4.39	4.39	107.07	35.4	15.0	14	550.00	5.14	1:5	74	37	925	290	890	415	2.75	1.82
WI Enterprises(10/50/e)	9003	4.8	9.0	1.5	28.6	46.2	0.0	3.04	6.6	1.01	0.96	2.10	6.6	16.0	80	16.00	7.62	3:5	83	19	38	18	22	15	10.01	0.56
Wimco(10/50/e)	9003	13.6	5.5	0.0	14.1	121.3	4.4	-6.45	-5.1	-8.55	-4.00	-6.30	-44.8	–	NA	39.50	NA	1:5	70	31	75	17	41	17	NA	2.81
Wipro(10/50/e)	9003	3.7	20.3	0.0	65.1	179.1	7.9	9.23	4.9	4.56	2.82	12.36	19.0	25.0	33	320.00	25.89	1:1	89	95	355	190	320	210	0.78	4.92
ZuariAgro(10/50/e)	9003	12.4	58.4	0.0	56.9	258.7	5.5	19.82	7.5	8.22	11.93	6.13	10.8	30.0	33	91.00	14.84	–	–	–	100	50	95	60	3.30	1.60

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months; m-6 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

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- **Approved under Section 11 (5) (ix) of the Income Tax Act.**
- **Declared as "Public Security" under Section 2 (12) (d) of the Bombay Public Trust Act.**
- **No permission required from the Charity Commissioner.**
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Mudra B HDFC 1004 2316

IVPs: SAFE AND SIMPLE

Individuals seeking an option to company fixed deposits and the stockmarket should take a dekko at the Indira Vikas Patra (IVP) scheme, which is in the nature of a cumulative fixed deposit placed with the government.

IVPs (popularly known as Indira Bonds) were launched on 19 November 1986 and constitute a very simple scheme. These bonds are now available in denominations of Rs 200, Rs 500, Rs 1,000 and Rs 5,000, and can be purchased by anyone at any post office (PO) on payment of half of the bonds' face value. For example, to purchase an Indira Bond of Rs 1,000 face value, a person has to pay only Rs 500 and the amount payable to him after five years will be Rs 1,000.

The scheme's salient features are:

- No limit on the number of bonds one can purchase or hold.
- No application form. IVP bonds can be purchased over the counter at any PO by making a cash or cheque payment against an acknowledgement. The certificates can be collected once the cheque's clearance is confirmed.
- Name of the purchaser is neither written on the certificate nor entered into any register at the time of purchase. The buyer is not required to disclose his identity. However, at encashment time, the person presenting the certificates has to sign in the space provided in token of having received the payment. The person presenting the certificates need not necessarily be the holder and is not required to establish his identity.
- The certificates cannot be encashed prematurely before the expiry of the five-year period. However, IVPs are freely transferable on delivery without any transfer fee and even without involving the PO concerned.
- The encashment after five years can be in the form of a cheque or in cash.
- No tax benefits; but the government recently issued instructions that the commercial banks may grant advances against security of IVPs subject to certain terms and conditions.
- A certificate can be encashed anytime after the expiry period, at the PO of issue, after signing in the space provided, in token of having received the payment. It can also be encashed at any other PO if the postmaster is satisfied on verification from the PO of issue that such a certificate was issued by the said PO.

The maturity period, originally fixed at five years to give an implicit return of 14.87% per annum, was raised by half-a-year from 1 April 1987 to bring the return in conformity with the lower interest rate structure. However, due to adverse public reaction, the doubling period of five years has been restored again from 1 April 1988. This is possibly the highest rate offered by the government on any of its schemes. Public sector bonds and fixed deposits with government companies yield returns of 13% per annum (pa) while National Savings Certificates with s.80C benefit carry 12% pa interest with the amount doubling in six years.

According to a government notification dated 31 August 1987, Rule 8(3) and (7) of the IVP Rules 1986 has been inserted to the effect that interest at 14.97% pa for five year IVPs and at 13.43% pa for five-and-a-half year IVPs, compounded on the IVPs' initial sale value shall be deemed to have accrued at each year-end for the purpose of tax payable in the relevant assessment year.

M. D. MUKHI



Unlike Bearer Bonds, IVPs have no absolute unconditional immunity against the requirement of disclosure. During the time of tax raids, Bearer Bonds are totally exempted from any enquiry, unlike IVPs.

However, those who have been keeping unaccounted cash in hand, now consider it advisable to switch over to IVPs, as their cash does not earn any interest while money parked in IVPs doubles in five years.

As there is no premature encashment facility for IVP-holders, they sell their IVPs at a discount in an emergency. As a result, a secondary market is gradually emerging for IVPs where investment agents are making a fast buck.

The IVP scheme should have received an overwhelming response from non-taxpayers in rural areas and housewives in urban areas. Unfortunately, due to poor marketing, the response from investors, particularly from rural areas, has been halting. The heavy sales worth Rs 835 crore during the first four-and-a-half months after the introduction of the scheme are reported to be mainly from the holders of unaccounted money.

Circular No 566 dated 17 July 1990 issued by the Central Board of Direct Taxes has clarified that IVPs are one of the specified investments as referred to in s.11(5) of the Income-Tax Act 1961, and the public charitable or religious trusts and institutions are eligible to invest in IVPs.

In sum, for a middle-class non-taxpayer with moderate savings, IVPs make an ideal investment; they satisfy his prime criteria of safety, simplicity and fair return.

• *The author is the president of the merchant banking division of Batlivala & Karani.*

IN A NUTSHELL

Scheme: Indira Vikas Patra. A government scheme under which invested amount doubles in five years.
Interest rate: 14.87%.
Mode: Cumulative.
Maturity: Five years.
Minimum & maximum amounts investible: Minimum Rs 100. There is no upper limit.
Liquidity: Transferable by delivery. Easily marketable.
Eligibility: Anyone can buy, including charitable and religious trusts and institutions.
Other features: (1) No tax benefit. However, there's no tax-deduction at source; (2) no application form required; (3) available at post offices or from the secondary market; (4) certificates in denominations of Rs 200, Rs 500, Rs 1,000 and Rs 5,000. Only half the money is payable on application; (5) available from the market at a price lower than the application money plus accrued interest, giving an implicit return of around 15% per annum.
Recommendation: Recommended as a gift to growing children. Good for housewives.



GOETZE (INDIA)

CRUISING ALONG

The auto component-maker continues to cast out gratifying results. With a boom in the auto industry and a better product mix, Goetze (India) Ltd (Gil) sports a healthy bottomline for the year ended 31 March 1991.

The growth rates in gross turnover, gross profit (GP) and net profit (NP) are 29%, 27% and 29% respectively. (Margins have, however, fallen.) The earning per share (EPS) has improved to Rs 8.67 (Rs 6.74). The book value per share (BVPS) has increased to Rs 38.11 (Rs 32.85). The return on net worth (RONW), though higher, is still a single-digit figure at 9.89% (8%). The company has jacked up the dividend per share to Rs 3.40 (Rs 3.20); but payout has not risen in tandem — it dipped to 39.22% (47.48%). At the current market price of Rs 125 (Delhi stock exchange: 21 August 1991), GIL's price/earning ratio (P/E) is 14.42.

The company relied heavily on debt financing for funding its activities but, at an ill-fated time, when interest rates were firming up. In 1990-91, interest payments climbed 25%. And loan funds contributed 51.8% of the amount spent for running the company's business. (This, however, is not reflected in the debt-equity ratio — it is a smallish 0.47:1 — 0.36:1 in the previous period.)

Gil continues to cough up more into the government's coffers — while excise duties gnawed away 14.28% (14.58%) of gross sales, taxes took a big bite equivalent to 34.39% (33.35%) of the profit before tax.

Utilisation of fixed assets (as a ratio of net block to gross sales), though better than last year, is still an insignificant 1.05 (0.88). While material costs and the other expenses were up, the company was able to rein in employee costs. The Gil management has managed to garner a higher per unit realisation for all its products except light alloy cylinders (Lacs). And as far as capacity utilisation is concerned, Lacs proved a drag, though utilisation has improved for all the other products.

Expansion plans. Now to some positive pointers. Gil's piston rings totted up a fine showing by increasing their mite to gross sales to 63.25% (61.05%). Vice-chairman & managing director Anil Nanda attributes this improvement to a higher-value product mix in the combined piston rings capacity at the company's Bangalore and Patiala plants. To finetune that mix further and increase capacity, the company has lined up a Rs 36 crore expansion plan for the next three years. This includes the production of high-performance rings like oil rings and pistons. (Gil is to float a Rs 40 crore fully-convertible and non-convertible debenture issue in the near future.)

Besides expansion, the company is quite gung-ho about exports. (Export earnings for 1990-91 stood at Rs 5.81 crore against Rs 3.90 crore for 1989-90.) And it plans to increase its overseas push by going on a diversification drive. Its plans include an export-oriented project for producing and shipping spices, leather garments, marine products, fruits and fruit pulp. Then there are plans for processing meat and poultry products and cereal food in collaboration with Nanz AG and Dr August Oetker of Germany — all these will wend their way into the foreign markets. For the now, though, the company is awaiting the governmental nod.

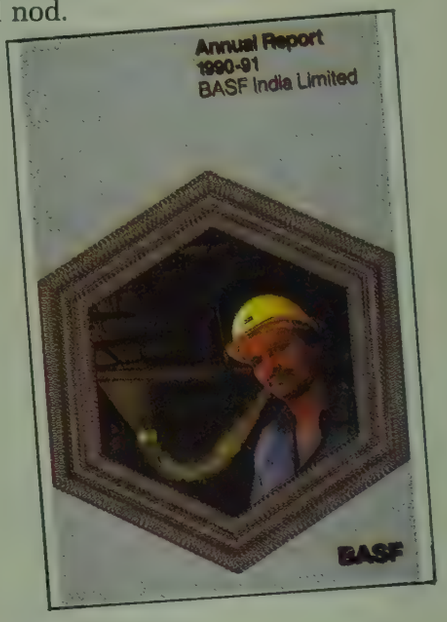
GOETZE (INDIA)

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	64.09	49.80
Gross profit	11.22	8.82
Profit after tax	6.01	4.68
Equity capital	6.93	6.93
Reserves	19.49	15.84
Gross profit margin (%)	17.51	17.72
Return on net worth (%)	9.89	8.00
Dividend (%)	34.00	32.00
Earning per share (Rs)	8.67	6.74
Book value per share (Rs)	38.11	32.85

Note: Revaluation reserves of Rs 34.37 crore (Rs 35.69 crore) have been included while calculating RONW.

Source: Annual reports



BASF INDIA

GOOD SHOW

The manufacturer of leather and agrochemicals is on the right track. And a closer look reveals that BASF India's working results for the year ended 31 March 1991 have managed an encore of last year's performance.

Gross turnover has risen 20%, GP 26% and NP 20%. But margins have more or less stayed put. The EPS works out to a lower Rs 8.77 (Rs 10.97) as BASF issued bonus shares in a 1:2 ratio in 1990-91 which pushed up its equity by Rs 2.13 crore. The BVPS is Rs 39 (Rs 49.56) and the RONW has risen marginally to 20.43% (19.73%). Though dividend per share was Rs 2, payout has moved up to 22.81% (18.23%). BASF's P/E is 18.81 on the current price of Rs 165 (Bombay stock exchange: 21 August 1991).

Like Goetze (India), BASF also hands out a huge chunk of its earnings to the government. Taxes ate up a hefty 46.65% (42.13%) of the profit before tax, and excise payments eroded 10.61% (10.83%) of gross sales. Besides this, BASF seems to rely

heavily on highly-depreciated fixed assets; about 60% (57%) of the company's gross block is already depreciated.

On another front, BASF was unable to clamp down on its burgeoning 'other expenses' figure. This jumped 21% to Rs 26.07 crore (Rs 21.48 crore). With about 42.35% (41.69%) of its raw materials being imported, the company ended up being a net foreign exchange user. In 1990-91, BASF earned about Rs 12.04 crore (Rs 6.93 crore) in foreign currency, while its forex outgo — both direct and indirect — was Rs 20.58 crore against Rs 17.47 crore in the previous year.

Better show? Chairman & managing director P.M. Thampi says that the agrochemicals, colours, dispersions and leather chemicals businesses turned out a better show. However, the plastics and fibre intermediates business was hit by severe domestic competition coupled with cheap imports which brought down turnover and slashed margins. Thampi adds that the leather chemicals business would have been better but for the Gulf war and the recession prevailing in the UK and the US, which pushed down the demand for leather and leather goods. Now, with the recession receding, things should take a turn for the better. But with its heavy dependence on forex, BASF may have to streamline its operations to increase its exports. With the economy opening up, a lot depends upon the company's ability to use its multinational parent's help.

BASF INDIA

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	104.30	87.24
Gross profit	13.18	10.50
Profit after tax	5.60	4.67
Equity capital	6.39	4.26
Reserves	18.52	16.85
Gross profit margin (%)	12.64	12.04
Return on net worth (%)	20.43	19.73
Dividend (%)	20.00	20.00
Earning per share (Rs)	8.77	10.97
Book value per share (Rs)	38.99	49.56

Note: Revaluation reserves of Rs 2.52 crore (Rs 2.56 crore) have been included while calculating RONW.

Source: Annual reports



ASHOK LEYLAND

ALL'S WELL

The bus- and lorry-maker has vroomed ahead. Thanks to better realisations and cheerier times in the marketplace, Ashok Leyland Ltd (ALL) has reported buoyant profits for the year ended 31 March 1991 when compared with the 15-month period ended 31 March 1990.

While gross turnover has posted a 34% increase (all financial figures have been annualised for easier comparison), GP grew 54%. With a neat jump in tax payments, NP could improve by only 42%. The growth in the profits is reflected in the EPS — it moved up to Rs 8.34 (Rs 5.88). The BVPS showed a five-rupee increase to Rs 55.58 (Rs 49.95). The RONW is now a double-digit figure — 12.53% (9.62%). While dividend recommended has increased to Rs 2.70 (Rs 1.88) per share, payout has risen marginally to 32.37% (31.97%). ALL's P/E is 14.99 on the current market price of Rs 125 (Madras stock exchange: 21 August 1991).

Chairman Mantosh Sondhi states that production, per unit realisation and sales registered good growths. Production of medium and heavy commercial vehicles registered a 15% improvement, while engine production went up by 4.58%. Thanks to periodic hikes in prices and the near-monopoly ALL shares with Telco in commercial vehicles, per unit realisation moved up to Rs 3,18,718 (Rs 2,85,724). For engines, the average unit realisation was Rs 94,914 (Rs 86,404). Export earnings went up by 86% to Rs 47.32 crore (Rs 25.40 crore). Besides the usual commercial vehicles, ALL also shipped out textiles and leather goods. But the company has nothing to congratulate itself about as export revenues constitute only 5.13% (3.68%) of gross sales.

Now for some dampers. Though its sales raced ahead, ALL drove in low gear while collecting money from some of its buyers and debtors. And while the company managed to keep other costs under control, its interest bill punctured the bottomline. The interest burden increased 47% to Rs 26.24 crore (Rs 17.81 crore). Then, the excise axe chopped away about 15.72% (15.83%) of gross sales.

Rights issue. The company has plans for its shareholders. It is going to pass the hat around with a rights issue of partly-convertible debentures which will be converted at a premium of Rs 40 per equity share.

There has been some activity on the operations front too. ALL has taken the sick Press Metal Corp's (PMC's) Ambattur plant from Tube Investments of India on lease. The unit forms the single source of supply of chassis frames to ALL. The company also wishes to broaden its product base by introducing commerical vehicles in the 6-16 tonne range. And with petrol becoming dearer, plans are on to tap Iveco technology for producing diesel engines.

With a protected market, ALL's future seems secure. So shareholders need have no fears.

□ G. Giridhar

ASHOK LEYLAND

(Rs crore)

	12 months ended 31 Mar 91	15 months ended 31 Mar 90
Gross revenue	927.41	864.29
Gross profit	65.64	53.34
Profit after tax	26.26	23.13
Equity capital	31.50	31.50
Reserves	143.58	125.81
Gross profit margin (%)	7.08	6.17
Return on net worth (%)	12.53	9.62*
Dividend (%)	27.00	18.80*
Earning per share (Rs)	8.34	5.88*
Book value per share (Rs)	55.58	49.95

Note: Revaluation reserves of Rs 34.39 crore (Rs 35.14 crore) have been included while calculating RONW.
* annualised

Source: Annual reports

ADARSH CHEM

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	26.89	19.81
Interest	—	—
Gross profit	2.13	1.83
Depreciation	0.58	0.45
Taxation	—	0.22
Net profit	1.65	1.06
EPS (Rs)	44.00	38.69
RONW (%)		14.40

Adarsh Chemicals' net margin has shown improvement while gross margin has dipped. On the expanded equity capital of Rs 3.75 crore, the company's EPS is Rs 44. At the current market price of Rs 525, the company's P/E is 11.93.

BOMBAY TYRES

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	209.58	178.38
Interest	—	—
Gross profit	7.63	7.23
Depreciation	2.33	2.05
Taxation	—	3.33
Net profit	5.30	1.85
EPS (Rs)	11.78	4.11
RONW (%)		(76.76)

Bombay Tyres' net margin has doubled, while gross margin has declined. At the current price of Rs 55, the company's P/E is 4.67 on an EPS of Rs 11.78.

CAMPHOR & ALLIED

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	43.17	38.03
Interest	—	—
Gross profit	6.61	5.25
Depreciation	1.42	1.41
Taxation	1.80	0.95
Net profit	3.39	2.89
EPS (Rs)	10.24	8.73
RONW (%)		25.09

Both margins have improved. The EPS is Rs 10.24. Camphor & Allied's P/E is 7.57 at the current market price of Rs 77.50. Hold.

CHOKSI TUBE

(Rs crore)

	15 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	35.89	15.39
Interest	5.59	2.37
Gross profit	3.87	1.75
Depreciation	2.25	0.94
Taxation	—	0.08
Net profit	1.62	0.73
EPS (Rs)	3.80	1.71
RONW (%)		7.80

Margins have taken a beating. At the current market price of Rs 56.25 and on an EPS of Rs 3.80, the company's P/E is 14.80.

HMM

(Rs crore)

	6 months ended 30 June 91	6 months ended 30 June 90	12 months ended 31 Dec 90
Sales	106.87	77.96	125.37
Other income	1.17	1.26	7.57
Interest	1.95	0.71	2.61
Gross profit	18.15	14.89	26.48
Depreciation	1.70	0.89	1.70
Taxation	5.49	3.97	7.63
Net profit	10.96	10.03	17.15
EPS (Rs)			12.09
RONW (%)			35.75

Both margins are under pressure. The annualised EPS is Rs 15.46. At the current market price of Rs 402.50, the company's P/E is 26.03. Hold.

INDIAN RAYON

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	479.12	405.00
Interest	—	—
Gross profit	50.76	47.45
Depreciation	35.72	25.66
Taxation	—	2.00
Net profit	15.04	19.79
EPS (Rs)	5.91	7.78
RONW (%)		12.37

Indian Rayon's margins are being squeezed. The company's P/E is 32.83 at the current market price of Rs 194 and on an EPS of Rs 5.91.

SHREE VINDHYA PAPER

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	43.55	39.38
Interest	—	—
Gross profit	5.11	3.05
Depreciation	1.95	1.86
Taxation	—	—
Net profit	3.16	1.18
EPS (Rs)	14.23	7.24
RONW (%)		24.58

While gross margin has gone up one-and-a-half times, net margin has more than doubled. At the current market price of Rs 100, and on an EPS of Rs 14.23, the company's P/E is 7.03. Hold.

SPENCER & CO

(Rs crore)

	12 months ended 31 Mar 91	15 months ended 31 Mar 90
Sales & other income	70.67	77.39
Interest	0.54	0.87
Gross profit	1.07	1.21
Depreciation	0.46	0.74
Taxation	—	0.09
Net profit	0.61	0.38
EPS (Rs)	15.25	7.60*
RONW (%)		7.62*

While gross margin has declined marginally, the net margin has nearly doubled. At the current market price of Rs 68 and an EPS of Rs 15.25, the company's P/E is 4.46. Hold.

SYNTHETICS & CHEMICALS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	174.92	140.36
Interest	—	—
Gross profit	9.36	6.79
Depreciation	1.79	1.36
Taxation	1.28	1.59
Net profit	6.29	3.84
EPS (Rs)	5.63	3.89
RONW (%)		14.46

Margins have improved. On an expanded equity of Rs 11.18 crore, Synthetics & Chemicals' EPS is Rs 5.63. At the current price of Rs 63.75, the P/E is 11.32. Hold.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 21 August 1991.*

DHAMPUR SUGAR MILLS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	126.01	97.32
Interest	4.81	2.81
Gross profit	11.12	14.53
Depreciation	5.98	6.46
Taxation	—	1.60
Net profit	5.14	6.47
EPS (Rs)	42.83	53.92
RONW (%)		32.17

Margins have declined. At the current market price of Rs 320 and on an EPS of Rs 42.83, the company's P/E is 7.47.

HINDUSTAN WIRES

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	82.92	70.63
Interest	—	—
Gross profit	3.01	2.82
Depreciation	1.11	0.92
Taxation	0.11	0.25
Net profit	1.79	1.65
EPS (Rs)	9.84	9.07
RONW (%)		30.84

Margins have declined marginally. At the current price of Rs 47.50 and on an EPS of Rs 9.84, the company's P/E is 4.83.

GARDEN SILK MILLS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales	220.13	186.90
Other income	7.41	9.56
Interest	16.55	17.03
Gross profit	20.10	11.28
Depreciation	9.95	9.55
Taxation	—	—
Net profit	10.16	1.73
EPS (Rs)	6.26	1.07
RONW (%)		1.48

There has been a good growth in both margins. The EPS: Rs 6.26. At the current price of Rs 70, the company's P/E is 11.18.

NSL

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	112.00	88.00
Interest	3.93	2.67
Gross profit	5.98	5.97
Depreciation	3.61	3.46
Taxation	—	0.41
Net profit	2.37	2.10
EPS (Rs)	5.70	5.05
RONW (%)		17.33

Both margins have declined. At the current price of Rs 57.50 and on an EPS of Rs 5.70, the company's P/E is 10.09.

SWADESHI POLYTEX

(Rs crore)

	6 months ended 31 Mar 91	6 months ended 31 Mar 90	12 months ended 31 Mar 90
Sales	26.99	25.66	55.05
Other income	0.93	1.40	2.64
Interest	1.08	0.90	1.85
Gross profit	0.70	1.65	4.58
Depreciation	0.36	0.45	0.90
Taxation	—	0.70	1.85
Net profit	0.34	0.50	1.83
EPS (Rs)			4.69
RONW (%)			9.65

Gross margin has plunged while net margin has more or less stayed put. At the current market price of Rs 42.50 and on an annualised EPS of Rs 1.74, the company's P/E is 24.43.

CHAMUNDESWARI SUGARS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales	35.30	32.63
Other income	0.67	0.32
Interest	1.31	0.68
Gross profit	1.85	5.34
Depreciation	1.39	1.15
Taxation	—	0.86
Net profit	0.46	3.32
EPS (Rs)	2.50	18.04
RONW (%)		32.55

Margins have fallen substantially. At the current market price of Rs 45.50 and on an EPS of Rs 2.50, the company's P/E is 18.2.

TVS ELECTRONICS

(Rs crore)

	12 months ended 31 May 91	14 months ended 31 May 90
Sales	39.72	32.48
Other income	1.56	1.62
Interest	4.70	3.26
Gross profit	1.78	0.29
Depreciation	1.67	1.93
Taxation	—	—
Net profit	0.11	(1.64)
EPS (Rs)	0.77	11.47*
RONW (%)		

Both margins have improved. At the current market price of Rs 19 and on an EPS of Rs 0.77, the company's P/E is 24.68.

TRISTAR SOYA

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	67.09	53.14
Interest	—	—
Gross profit	6.07	2.79
Depreciation	0.42	0.35
Taxation	0.33	0.35
Net profit	5.33	2.09
EPS (Rs)	15.23	5.97
RONW (%)		40.27

Gross margin has improved one-and-a-half times while net margin has doubled. At the current market price of Rs 107.50 and on an EPS of Rs 15.23, the company's P/E is 7.06.

GAJRA BEVEL GEARS

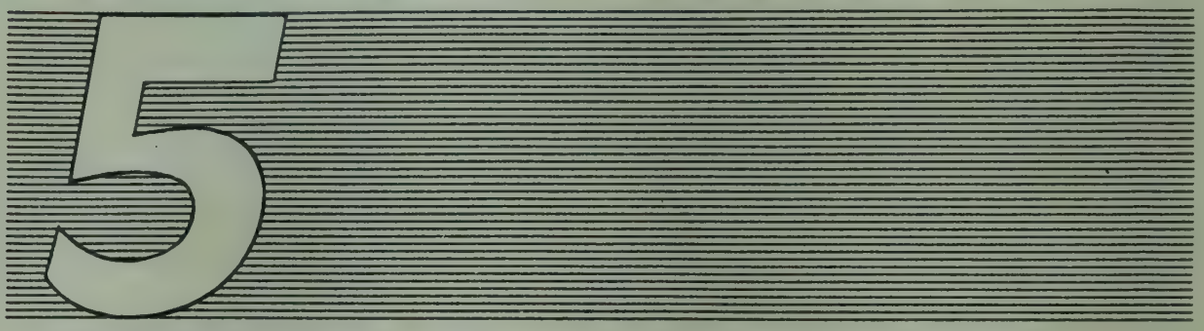
(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	27.34	22.68
Interest	1.27	0.95
Gross profit	2.41	3.00
Depreciation	0.68	0.54
Taxation	—	—
Net profit	1.73	2.46
EPS (Rs)	8.36	11.88
RONW (%)		61.50

Margins have declined considerably. At the current price of Rs 51.25 and on an EPS of Rs 8.36, Gajra Bevel Gears' P/E is 6.13.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 21 August 1991.*

SAURASHTRA OFFERS CHALLENGING OPPORTUNITIES



We are a rapidly growing Paper Mill based at Rajkot known for professional and value based management for over 3 decades. We are setting up a new 40 TPD Plant at **Shapar** near Rajkot, for which we offer challenging opportunities, to help realise our growth plans.

1 **CHIEF PAPER MAKER CUM PRODUCTION MANAGER**
(1 Post)

The incumbent shall be responsible for the pulp and paper production as also for the quality control. Job responsibility also includes maintenance and smooth operations of Boiler and other ancillary plants; monitoring of raw materials; chemicals and proper deployment of manpower. He should have experience of working with high speed paper machines. He should be a science graduate with a minimum experience of 10/12 years in a similar capacity.

2 **MAINTENANCE ENGINEER**
(1 Post)

The incumbent will be responsible for overall maintenance and preventive maintenance of the entire plant. He will be in complete charge of mechanical and electrical deptts. He should be a degree or diploma holder in engineering. Experience in electrical maintenance will be an added qualification.

3 **MACHINE FOREMAN CUM SUPERVISOR**
(3 Posts)

The incumbent as a head of shift operations, will be responsible for pulp & paper production and also for quality control. He will also be responsible for breakdown maintenance. He should be a diploma holder or ITI qualified person with working experience of operating high speed paper machines of 250 m/m speed.

4 **PULP MILL FOREMAN CUM SUPERVISOR**
(3 Posts)

The incumbent will be responsible for pulp stock preparation plant. He will also be responsible for quality control measures of the pulp and smooth operations of the pulp mill. He should preferrably be a graduate/diploma holder with considerable experience in similar job functions.

5 **ELECTRICAL FOREMAN CUM SUPERVISOR**
(1 Post)

The incumbent will be responsible for repairing and maintenance of electrical installations under the guidance of Maintenance Engineer. He should be diploma holder/ITI qualified person preferrably with the experience of paper plant electricals.

The candidates should have minimum 5/7 years experience in respective fields with sound managerial qualities to build and lead the teams effectively and to contribute to the growth of the organisation. We offer remuneration and perks as per industry standards, housing and excellent working conditions with good growth prospects. Apply in confidence giving complete bio data within 15 days from the date of this advertisement to :

The Works Manager (PM II)
SAURASHTRA PAPER & BOARD MILLS LTD.
Pattani Building, M.G. Road, **RAJKOT 360 001.**

Aakriti/SPBML. 1 '91

THE SHIPPING CREDIT AND INVESTMENT COMPANY OF INDIA LIMITED

SCICI — a fast growing all-India development financial institution — specializes in providing financial and developmental assistance to shipping, fishing, road and air transport, oil exploration and production, power generation and distribution, telecommunications, food processing, tourism and other allied industries. During the short span of its existence of four years, it has grown to a Rs. 1000 crore Company from Rs. 100 crores in 1986 and is also in the process of substantially diversifying its operations. The Company made a public issue of Rs. 25 crores in February 1991 and now has a paid-up capital of Rs. 75 crores. The Company's reserves aggregated Rs. 47.12 crores on March 31, 1991.

It is now offering professional opportunities to a few qualified and bright candidates in the following positions:

MANAGER — ACCOUNTS

This position would have overall charge of audit and accounts plus the computerised systems of SCICI. Candidates should be qualified Chartered Accountants and have atleast 5 to 10 years relevant experience with proven leadership skills as the job requires the putting together and management of a small team of qualified professionals.

MANAGER — SYSTEMS

The incumbent would have overall responsibility for the computerised and other automated systems for implementation of the ongoing projects and for maintenance and development later on.

Candidates should be post-graduates with computer background, financial orientation and excellent communication skills. Relevant experience in developing an online computerised environment is essential.

PROJECT OFFICERS

The job involves all aspects of project appraisal, marketing and financing, monitoring and review of credit in SCICI's expanding and diverse customer groups, besides interaction with other lending institutions and agencies of the Central and State Governments. Candidates should be either MBA's possessing a basic degree preferably in any engineering discipline or post graduates in fisheries, with one or two years relevant experience. Applicants possessing relevant or related experience shall also be considered for placement in the Company's Merchant Banking Division.

For all the above posts, acquaintance with computerised environment is a must.

The compensation package would be commensurate with the qualifications and experience of the incumbent, and would not be a constraint for the right candidate. SCICI provides perquisites like Provident Fund, Gratuity, Superannuation, LTC and Medical reimbursement. Residential accommodation could also be provided.

Please apply before September 30, 1991 giving complete biodata, educational qualifications, age (with date of birth), experience, present salary, etc to:

THE SHIPPING CREDIT AND INVESTMENT COMPANY OF INDIA LIMITED
Nirlon House
254-B, Dr. Annie Besant Road
Bombay 400 025

Mudra:B:SCICI:1004:2216

SBL

THE STANDARD BATTERIES LIMITED

SALES OFFICERS, SALES REPRESENTATIVES, SERVICE ENGINEERS

CALCUTTA/GUWAHATI/BHUBANESWAR/PATNA

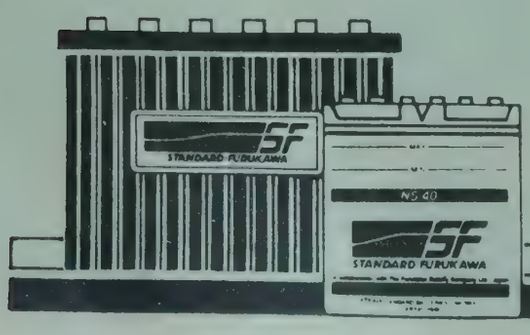
The Standard Batteries Limited is a leading manufacturer of lead-acid storage batteries for automotive, industrial, submarine and mining applications. The present turnover is at a level of Rs. 80 crores per annum and is expected to double within the next 4 years.

The company is looking for dynamic, result oriented sales/ service professionals to spearhead it's thrust into the highly competitive market for automotive batteries in Eastern India.

The incumbents will be responsible for implementation of the marketing strategy, development and servicing of the dealer network and sales/ after sales service to institutional customers in their territories.

Applicants should be high calibre, innovative graduates. Experience in the automotive trade, while not essential, would be desirable. Service Engineers should be degree/ diploma holders in an Engineering discipline. Fresh graduates could also be considered for suitable positions.

The company offers challenging and rewarding opportunities in a congenial atmosphere. Good performers would be considered for establishing and heading full-fledged depots in various areas at a later stage. Salary and perquisites would not be a limiting factor for the right candidate. Please apply within 10 days indicating locational preference to:



THE ZONAL SALES MANAGER
THE STANDARD BATTERIES LIMITED
1/B, CONVENT ROAD, ENTALLY
CALCUTTA-700 014

PRESYN:CAL '91

Room at the Top

MANAGING DIRECTOR

A diversified industrial group having a turnover of about Rs. 150 crores needs a suitable candidate who can scrutinise and select a listed company for take-over.

The group is interested in investing about Rs.10 crores for taking over the company.

The incumbent will be made the MANAGING DIRECTOR of the above company after the take-over.

Please respond in strict confidence to:

Box No: **769 BusinessWorld**,
6, Prafulla Sarkar Street, Calcutta - 700 001.

FUNCTIONAL MANAGERS

Large company with multinational links

Premium locations in South India

Attractive salary package

A large, reputed and successful company with multinational links is looking for two high-calibre functional specialists who would provide effective leadership in their respective areas of specialisation. The company is in the process of upgrading its management skills and will provide excellent opportunities for professional fulfilment and career progression.

MANAGER - HUMAN RESOURCES DEVELOPMENT

(MS/5726)

Candidates should ideally be MBAs with specialisation in Personnel Management and 8-10 years experience in various facets of HRD in companies known for progressive management practices. They should be dynamic, articulate, conceptually strong, practical and persuasive. Preferred age : 35-40.

MANAGER - MIS

(MS/5727)

Candidates should have a strong systems background and a high degree of computer literacy. At least 5 years senior level experience in modern IT set-up using super-minis, UNIX and RDBMS is essential. Hands-on experience in successful introduction of computerisation is very desirable. Preferred age : 35-40.

Both positions report to a VP and carry an attractive salary package including housing, car and other perks.

Please apply in strict confidence within ten days to:

A.F. Ferguson Associates
P O Box 1786
Bombay 400 001

giving full details of age, qualification, experience and salaries drawn. All applications and envelopes should be marked with the relevant MS numbers. Candidates not contacted within 3 months of application may assume that they are not being considered.

ABC's major speciolisations include Corporate Consultancy

4 SENIOR CONSULTING MANAGERS

Bombay, Delhi, Madras, Calcutta

To support our planned expansion & diversification, ABC is **urgently looking for** 4 mature & tough managers at Metro Cities with the following specifications :

a) **Engineer + MBA/M Tech (IE & OR)**
b) Age Group 35—45
c) Excellent Analytical & Communication Skills
d) **Management Services or Operations/Materials Experience**
e) Hardworking, Pleasant, Persistent
f) **Total Emoluments between Rs 1.5 to Rs 2.5 Lakhs.**

ABC provides **intellectually stimulating,** professionally rewarding and non-hierarchical environment for learning & career growth.Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with job title & code SCM/BPA/3087. All correspondence must be made through courier mail/speed post and contact telephone numbers to be mentioned clearly in a structured biodata.

ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700019, PBX 753688/89

New Project Development • Techno Economic Feasibility Study
SWOT Analysis • Organisational Restructuring • MIS
Manpower Audit & Planning • Managerial Appraisal • Salary Survey

ABC's major specialisations include Corporate Consultancy

GENERAL MANAGER—HRD

Multinational Light Engineering Company

Calcutta **Rs 15,000/- + Flat + Car & Driver + Perks**

We have been retained by a professionally managed, medium sized, **highly profitable** International Company manufacturing & marketing a wide range of precision engineering products to select a Senior HRD Professional for them.

The incumbent will have total responsibility for all aspects of human resource management, including organisational analysis & structuring; personnel policies & manpower planning; performance appraisal; training & development; selection & recruitment; IR & employee relations; personnel administration. As a **change agent,** he will ensure effective utilisation of the total human resource at all levels and will play the key role of a planner, motivator, problem solver and negotiator. Ideal candidate would be a Graduate Engineer with MBA qualification, preferably from XLRI, Jamshedpur. Engineering Industry exposure will be very helpful. Age Group 38 – 45.

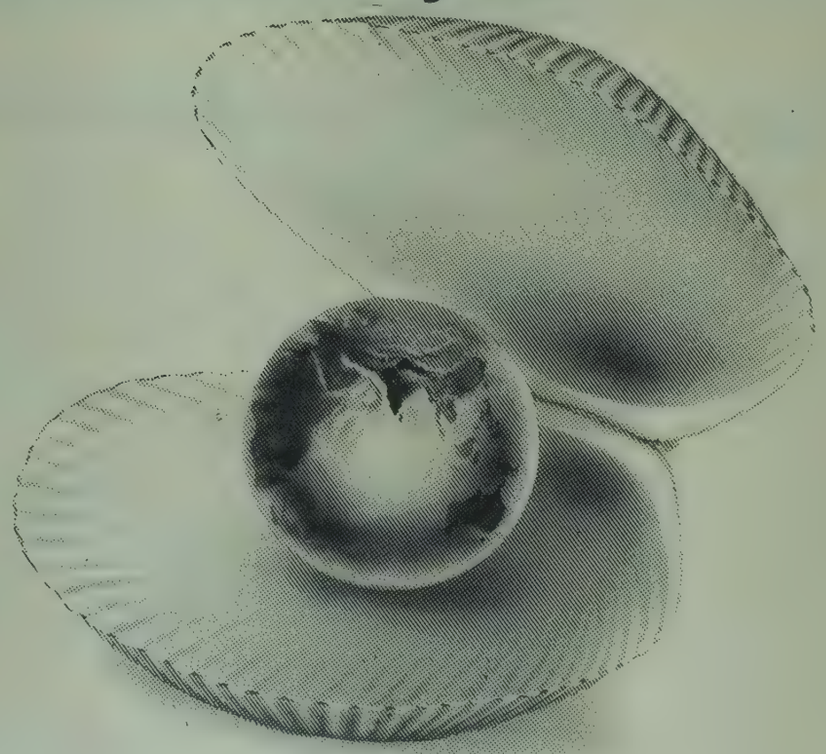
Our clients are looking for a top – notch professional and a **high performer** could look forward to a highly rewarding career in a professionally managed environment. Please write to **B P Agrawal, Chairman** with detailed biodata & telephone numbers. All correspondence must be made through courier mail/speed post and envelope & enclosures marked with job title & code HRD/BPA/3090.

ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700019, PBX 753688/89

New Project Development • Techno Economic Feasibility Study
SWOT Analysis • Organisational Restructuring • MIS
Manpower Audit & Planning • Managerial Appraisal • Salary Survey

TCS

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TCS is not only India's leading Company in Information Technology – but also one of the pioneers responsible for introducing the computer culture to this country.

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Whom does TCS seek?

Software professionals. Who are graduates or post-graduates in Engineering and Management.

And who need to have an experience profile of 2-10 years in the field of software.

Make your move now – to a more stimulating environment

TCS offers you both a stimulating environment – and a remuneration package that's the best in the industry.

Openings exist at all TCS branches, especially at Madras, for IBM 3090 projects.

So mail your resumé within 10 days, quoting the reference number "SP – 91/7" on the application and envelope, to:

Resident Manager
Tata Consultancy Services
Nicco House, 2nd Floor
2 Hare Street
Calcutta 700 001

Chaitra-B TCS 363

Our Client - A leading industrial group in the North, requires the following for one of their newly acquired ventures.

ACCOUNTS MANAGERS-Delhi/Mini Metros UP

Work areas include

* Financial Accounting, Sales Accounting, Working Capital Management, MIS, Budgetary control and dealing with Banks.

Chartered Accountant with atleast five years post qualification experience in a large professional organisation.

ASSISTANT MANAGERS (Personnel) - Delhi/UP Locations

Work areas include

* Wage and Salary Administration, Providend Fund, ESI, other Statutory Compliances, Personnel Administration, Human Relations and Staff Welfare.

Should be a Post Graduate Diploma in Personnel Management/Labour laws with atleast 7-10 years relevant experience in a large professional organisation. Familiarity with Labour Laws, Domestic Enquiry Procedures and Industrial Relations essential.

MARKETING EXECUTIVES - All Metros, mini Metros & State Capitals

Work areas include

* To meet the assigned targets and ensure customer satisfaction.
* Sell in a competitive market to a high profile customer segment.

Preferably with 2 years relevant experience in aggressive selling in Consumer Products/ Cigarettes/ Publications/ Food Products/ Office Automation Products/information Services and other related industries and must have high commitment to result achievement.

HARDWARE ENGINEER - Delhi

Work areas include

* To ensure preventive/breakdown of PC based computer systems/Local Area Network/Communication Systems/Output devices.
* Ability to diagnose and carry out repairs/replacements on site.

Diploma/Post Graduate Diploma in Electronics Engineering with 3-5 years relevant experience.

Apply with full details including salary drawn/expected to:

CMS

M.V.L. Narasimhan
Capitol Management Services
HS-28, Kailash Colony Market
New Delhi - 110 048 Telephone 6415313

MANAGEMENT DEVELOPMENT INSTITUTE

Management Development Institute is the leading centre on the outskirts of New Delhi for post-experience management education, and has been conducting the National Management Programme (NMP) since 1988. An academic collaboration arrangement with Kellogg Graduate School of Management, Northwestern University, USA for strengthening NMP has just been finalised under UN project, specially on faculty development.

Applications are invited for faculty positions in
Strategic Management
Financial Management
Marketing
Computers/ Information Technology
Organisational Behaviour
Economics
Personnel Management.

The successful candidates will be offered positions as Professors/Associate Professors/Assistant Professors depending upon their qualifications and experience.

The scales of pay are in line with those at the Indian Institutes of Management. Residential accommodation will be provided at the Institute Campus.

Appointments will be made on contract renewable or absorption on regular basis on satisfactory performance.

Applications with detailed bio-data, current research/teaching interests, present emoluments, names of three referees, should be sent to the Executive Director
Management Development Institute
Post Box No. 60
Mehrauli Road, Gurgaon-122001
within fifteen days.

Outstation candidates called for interview will be paid return First Class train fare by the shortest route.

MANAGEMENT CONSULTANTS

We seek CAs, Engineer/MBAs, Industrial Engineers, and Systems Specialists from premier institutes with an excellent academic record and a minimum experience of three years who wish to widen their management skills.

The Managernent Consultancy Division of A. F. Ferguson & Co. offers a range of services in diverse areas including:

- **Design of systems in all functional areas**
  - Accounting, Finance
  - Materials
  - Marketing
  - Personnel
  - Manufacturing
  - Senior Management MIS
- **Marketing**
  - Marketing Strategy
  - Market Research
- **Financial**
  - Project Feasibilities
  - Treasury
  - Working Capital Management
  - Acquisition and Mergers
- **Organisation Structure Reviews**
- **Personnel and HRD**
- **Computerisation – Software Design and Implementation**
- **Industrial Engineering Studies**
- **Public systems including social delivery systems**
- **Corporate Strategy including Diversification/Expansion**
- **Investing in India and Overseas**

We would like to strengthen our team by adding outstanding self-motivated professionals with a passion for innovation, quality and excellence. We provide an exciting opportunity for learning and exposure to all levels of management in a congenial, non-hierarchical, professional environment. Each person is able to realise his/her fullest potential for use either by continuing in consultancy or in industry where this rich experience has been found to give a headstart.

We offer the combination of a good remuneration package together with excellent job content and satisfaction. Promotions and increment policies are based entirely on performance. Long and short term career options are available. Opportunities of overseas visits for training and assignments exist with our affiliates, KPMG Peat Marwick.

Openings are available at all our offices – **Bombay, Bangalore, Delhi, Madras, Baroda and Calcutta.**

Please write with full particulars including choice of location/s to:

A. F. Ferguson & Co. (ref. MCS),
Express Towers, Nariman Point, Bombay 400 021.

TITAN

REQUIRES

SALES PROFESSIONALS

Titan, a Rs.100 crore TATA company, has emerged as the market leader in the fast growing Indian quartz watch market. Titan is also the first Indian company to export quartz analog watches and movements.

Titan, as part of its strategy to upgrade retailing standards in India, is setting up a chain of over 100 exclusive franchised showrooms throughout India. 40 such showrooms are already operational. They have become landmarks for excellence in showroom design, display and overall ambience in their respective towns and are setting sales records.

Titan is now looking for Showroom In-charge and Sales Assistants to be placed at various franchised showrooms throughout the country.

SHOWROOM IN-CHARGE:

The Showroom In-charge will be responsible for overall sales, control of stocks, customer relations and showroom upkeep. Candidates should be graduates, with work experience and should be highly motivated to achieve excellence in all spheres.

SALES ASSISTANTS:

Young, smart, dynamic graduates with a pleasing personality are required for the showroom. Candidates should have an excellent command over English and the local language. Effective communication, an aptitude for public relations and an ability to work independently are essential.

An attractive remuneration package will be offered. Please apply within one week giving full particulars of age, educational qualifications, work experience, location preference and current emoluments to:

TITAN WATCHES LIMITED
4D, Shree Ganesh Business Centre
216, A J C Bose Road
CALCUTTA - 700 017.

Please superscribe the envelope with the post applied for.

TITAN WATCHES LIMITED
A TATA + TIDCO ENTERPRISE

OSM 3278

A profitable and well established company in the process chemical industry with close international affiliations, based in South Central India and a turnover of Rs. 250 crores, wishes to strengthen its top management with the induction of the following:

VICE PRESIDENT (MANUFACTURING)

(MS/5723)

VICE PRESIDENT (PROJECTS)

(MS/5724)

The VP (Mfg.) will be fully responsible for the present manufacturing operations of the company. The VP (Projects) will look after the extensive modernisation and expansion of the plant which will cost over Rs. 150 crores. Both positions report to the Managing Director. Future prospects are particularly good based on performance.

Candidates should be successful technocrats with an engineering (preferably chemical engineering) background and ideally, experience in the process chemical industry.

Preferred age: around 45.

The remuneration package is generous and includes housing, car with driver and other top management perquisites.

Please write quoting the relevant MS reference numbers in full confidence to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

We have been retained by our client, engaged in the tea industry, to locate for them the following professionals:

FINANCIAL CONTROLLER

The ideal candidate would be a Chartered Accountant with 10-15 years' experience in industry or a reputed audit firm. As the Company's accounting functions are computerised, exposure to computerised information systems is essential. Some legal experience and a secretarial qualification will be an added advantage.

COMPANY SECRETARY

The ideal candidate would be a Company Secretary with 5-10 years's experience in medium sized companies. Expertise in handling Secretarial matters independently will be the key qualification. Computer literacy will be an advantage.

The jobs are based in Calcutta. Remuneration and benefits will be commensurate with qualifications and experience and will not be a limiting factor for the right candidates.

Please send your complete bio-data clearly stating the job you are applying for, within 10 days to

The Director

Price Waterhouse Associates Pvt Ltd

Sukh Sagar 2/5 Sarat Bose Road Calcutta 700020 Phones 752910 / 748523

Tom Roychoudhury & Associates PW 0802

This space will cost you only Rs 6000.00

Moreover, you get a very attractive combined rate with

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For details, please contact
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Bombay: 240426/0488 • Delhi: 3716305/9078 • Madras: 860713/9379
Bangalore: 568227/8228 • Hyderabad: 842520/0064

MANAGEMENT CONSULTANCY PROFESSIONALS

CMC Limited, India's leading information technology company, has a long and impressive track record of providing consultancy services on Management Information Systems, Information Technology and Communications to government departments, utilities, public and private organisations in India and abroad.

CMC now seeks to provide a more holistic approach to management problems and proposes to extend its services to management consultancy in the areas of organisational strategy, structure, systems and productivity. It intends to offer these services to assist government, business and industry in coping with major changes in the emerging and fast changing economic and industrial scenario in the country and abroad.

CMC is looking for professionals at different levels. Candidates should be MBAs or equivalent (preferably with an engineering background) or Chartered Accountants, and should possess an analytical mind, good business sense, a flair for innovative thinking and good communication skills. Senior professionals, in addition to consulting, will be expected to play a role in project leadership and business development.

Candidates should be below 40 years and have over 3 years' work experience preferably in management consulting or in corporate staff functions such as Management Services, Industrial Engineering, Corporate Planning and Finance. An exposure to computers and PC competence is desirable.

CMC provides an opportunity to work on a number of challenging and exciting projects together with a unique work environment that combines professional management with a work ethic that emphasises a high degree of initiative and participation.

An attractive compensation package commensurate with qualifications and experience will be offered. Candidates may be posted in any of CMC's offices in India or abroad depending upon the assignment.

Criteria will be relaxed for SC/ST candidates in keeping with government guidelines.

Please apply with complete bio-data within 15 days to:

The Personnel Officer

CMC Limited

14F, Maker Towers
Cuffe Parade
Bombay 400 005.

Envelopes should be superscribed "PMC".

(A Government of India Enterprise)

Pratibha/CMC/91-103

You Would Need A Recommendation To Get This Job

Yes! with the kind of lateral thinking required to sell speciality Pharmaceuticals, you would probably need a recommendation from Edward de Bono.

We are one of the more creative Pharmaceutical Companies in India, who have broken some of the basic rules of Pharmaceutical Marketing. Doing away with 'daily reports' giving cherries for compliments, rewarding the 'rule' breakers .....

We are 'bureaucracy busters' relying more on networking rather than hierarchy to achieve our goals.

We are looking for a **"Sales Manager"** to strengthen our network (ing) and help achieve our ambitious growth plans. We practice Bottoms Up Marketing. So you would have a Marketing Manager and an Executive Director assisting you. You would in turn be assisting the Regional Managers who are there to assist our Network of 45 Field Managers and 252 Field Officers.

If all this sounds normal, you may send in a proposal with your part of the story and expectations. Feel free to use any mode of communication.

NATCO

Natco Fine Pharmaceuticals (P) Ltd.
Natco House
Road No. 2, Banjara Hills,
Hyderabad - 500 034.
Ph : 248532, 248243
Tlx : 0425-2043 NAAP IN
FAX : (91) 842 238565.

KANARA/H/91

CERA

Madhusudan Ceramics

Madhusudan Ceramics, a division of Madhusudan Industries Ltd., is a growth-oriented, professionally-managed unit. It manufactures CERA, the leading brand of premium sanitaryware in the country.

Madhusudan Ceramics now requires a team of highly motivated, performance-driven professionals at various management levels to implement its ambitious growth plans.

VICE PRESIDENT (WORKS)

He will be responsible for smooth functioning of plant operations and co-ordination of pre-production, P.P.C., production, quality control and engineering functions. He will also handle labour and personnel matters.

Applicants should be graduates, preferably with a post graduate qualification in Management and 8-10 years' relevant experience. They should possess keen commercial acumen, analytical abilities and inter-personal skills.

VICE PRESIDENT (PRODUCTION)

He will assume overall responsibility of achieving production targets and shop-floor management.

Applicants should be qualified Ceramic Engineers/Technologists with 10-12 years' experience, preferably in a sanitaryware plant.

PERSONNEL MANAGER

He will take up all functions pertaining to personnel, industrial relations and HRD.

Applicants should be post graduates in Personnel Management & Industrial Relations or Social Work, preferably with a qualification in Law, with 8-10 years' relevant experience. Knowledge of Gujarati language would be preferred.

MECHANICAL ENGINEER (MAINTENANCE)

His responsibilities include undertaking breakdown and general maintenance work, introduction of comprehensive preventive maintenance systems and developing a cost-effective approach to ensure minimum plant down-time.

Applicants should be degree/diploma holders in Mechanical Engineering with 5 and 10 years' experience, respectively. They should be familiar with the operation and maintenance of D.G. sets, air compressors and thermic fluid heaters.

CERAMISTS

They will be required to take up the frontline position in various production, process control and quality control functions.

Applicants should be degree/diploma holders in Ceramics with 3 and 5 years' relevant experience, respectively. Fresh graduates in Ceramics with a good academic record may also apply.

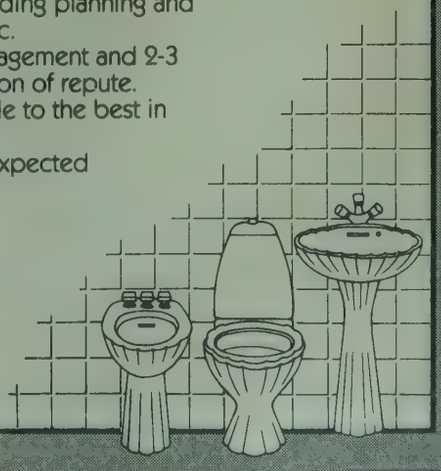
MARKETING SERVICES EXECUTIVE

He will co-ordinate all advertising and promotional activities including planning and implementation of the direct mailing programmes, architect meets, etc.

Applicants should be graduates, preferably with a degree in Management and 2-3 years' experience in an advertising agency or in a marketing organisation of repute.

All positions carry an attractive compensation package comparable to the best in the industry and will not be a limiting factor for the right candidates.

Please apply within 10 days with resume indicating present and expected emoluments, to :



CERA

The Joint President,
Madhusudan Ceramics,
9, G.I.D.C. Industrial Estate,
Kadi, Dt. Mehsana 382 715, North Gujarat.

Mudra:A:MC:5776

"OUT OF QUESTION"

When my secretary suggested I switch to Speed Post, I out-of-questioned her out of the room.

Later, better sense prevailed (she is a charming secretary, and quite indispensable) and I called her in to hear the details.

In brief, she said that Speed Post was as efficient, reliable and accountable as any other courier, much less expensive, with a much larger network. So there.

"Try it", I said gruffly. Famous first words. Now, we use only Speed Post. And every now and then, my secretary looks at me out of the side of her eye....



Madhyam



Ramesh Gelli has been elected vice-president of the All India Management Association.



Glen Mathew has joined Chenab Information Technologies as marketing manager.



K.K. Jagati has joined Oil & Natural Gas Commission as general manager (personnel & administration).



Udayshankar Rao has been appointed deputy general manager (finance) of Rhino Tyres.



C.K. Ninan has been appointed president of Rhino Tyres.



Nandita Sen has taken over as president of the Calcutta Management Association.



Syamal Mitra has taken over as vice-president of the Calcutta Management Association.



H.J. Bakshi has been appointed director on the board of directors of Choksi Tube Co.



K.N. Sharma has been appointed area chair coordinator for India by the International Council of Psychologists.



P.R. Krishnamoorthy has been appointed managing director of Times Guaranty Financials.



Nagaraj S. Rao has been promoted as vice-president (southern operations) of Neoluxe India.



R. Rajagopalan has been elected vice-president of the Employers Federation of Southern India.

German workers prefer the sun and beer to hard work.

AN 'ILL'-FATED ATTITUDE?

Why aren't our workers more like the Germans? How many times have British or American managers asked that question? The Germans used to be renowned for their work ethic. But today the world's highest-paid workers prefer to work as little as possible.

Despite their long holidays, frequent visits to health spas and constant exercise, Germans appear to be among the world's sickliest workers. They take more time off than their peers in any of the other six big G7 industrialised countries. Last year, the average German engineering-worker reported "sick" on 18 days, compared with 11 days in Britain and America. A recent survey of 498 firms by the German Employers' Confederation found that, on any one day, 7% of all workers are ill.

Suspiciously, the "sickness" rate jumps sharply on Fridays and Mondays. Government bureaucrats have long been notorious for being unavailable on Friday afternoons, but now the disease has spread to industry. Two-thirds of companies suspect cheating.

Shortest working week. If account is also taken of the fact that Germans have the shortest working week of the big economies, plus a generous six weeks of annual holiday, then the average German works only 1,550 hours a year compared with an average 1,800 hours worked in America and 2,100 hours worked in Japan.

Having reached a high standard of living, Germans prefer to spend Fridays in the sun guzzling beer rather than working harder. But can the country with the laziest workers remain one of the world's most successful economies? Germany still boasts a high level of labour productivity, but it has been slipping down the league. It had the fastest productivity growth of the four biggest European countries in the seventies; in the eighties, it had the slowest.



■ **GERMANS WINDOW-SHOPPING:** *Taking a lot of time off*

Within Europe, the Dutch, the Norwegians and the Swedes are even more work-shy than the Germans. The average Swede was off sick 27 days last year. At the other extreme, a Japanese government survey seems to suggest that Japanese workers are never sick. This sounds too good to be true, even for Japan; and it is. The survey questionnaire did not list illness as a separate reason for taking time off from work, lumping it in with vacation and "other family conditions." Clever people, these Japanese. — *The Economist.*

Germany's labour productivity growth has sharply declined in the past decade

AI outfits are an endangered species.

'AI'LING TIMES

Fashions come and go quickly in technology. Five years ago, artificial intelligence (AI) was supposed to be the computer industry's next entrepreneurial pot of gold. Today many of the firms struggling to survive in the young AI industry predict its imminent disappearance. They may well be right. The irony is that their technology has never been more popular.

AI is the name given to computer techniques which make machines think more like people. Such techniques enable computers at Reuters to classify the news stories speeding over its wires — so that, say, a commodity dealer does not have to wade through a heap of stories about corporate finance to find the news that interests him most. AI techniques also help auditors monitor foreign-exchange risks at Manufacturers Hanover bank. They plan production at Ford and Boeing. And they help maintenance workers at New York city's electric utility distinguish false alarms from real power failure.

Such successes are inspiring, but they have not made AI companies rich. That is because, though necessary, AI is only one relatively-small element in the computer systems needed to solve intricate business problems. Esther Dyson, an information technology pundit, likens AI to "'the raisins in raisin bread." It is the little extra bit that makes the whole thing good. Unfortunately for AI companies, this makes them little different from the pack of software houses competing fiercely for sales in America.

That is a disappointment. AI technology was supposed to set companies like Inference, Intellicorp, AICorp, AION and Symbolics apart. Fuelled by eager venture capitalists, the first generation of AI companies sprang from university labs in the mid-eighties. Symbolics, born of the

AI lab at the Massachusetts Institute of Technology, had developed the fastest machines for running programs written in the flexible Lisp (list processing) programming language, a favourite of AI researchers. Inference, Intellicorp and others offered "expert-system" shells which allowed companies to automate tasks simply by giving the computer a lot of "if-then" rules about what to do and when.

Bumpy ride. Despite great expectations, all of these companies are still small and all have had a bumpy ride. In retrospect, their technology was too distinctive. It taught customers about AI but it was difficult to integrate into existing systems in order to do real work. So these companies are now trying to push their technology into the mainstream.

Instead of selling stand-alone computers, Symbolics has re-engineered its machines to fit onto a card that can be plugged into personal computers and Unix workstations from bigger firms. Software companies are going even further. Most are playing down their origins and recasting their technology as a faster, easier way of building complex systems.

Dennis Yablonsky, head of Carnegie Group, an information-technology consultancy which began as a specialist in AI, reports strong demand for a package of technologies which he calls a "help desk." This enables one person to keep track of a bunch of different information, widely scattered across a company. US West, a telecoms utility, uses the package to put a single person in charge of answering each customer's complaint, whatever it may be, instead of trying to pass complaints around a number of specialist departments, ranging from billing to equipment-repair. Though much of the "help desk" is run-of-the-mill networking and computer technology, a smattering of AI is needed to keep track of who knows what and to remember when these experts can usefully be consulted.

AI software companies are trying to make it easier for everybody to create such blends of AI and conventional computing. Rivals Bob Goldman of AICorp and Tom Kehler of Intellicorp are both putting the finishing touches to ambitious efforts to rebuild their companies' expert-system shells into powerful tools for writing other kinds of computer programs. Meanwhile, Joe Carter, head of "knowledge-based systems" at Andersen Consulting, is trying to form a unit within his firm which marries AI expertise with Andersen's traditional business of building conventional computer-systems for payroll, accounting and the like.

The upshot, reckons Intellicorp's Kehler, is that most companies specialising in AI will vanish within the next five years. AI technology will become just another computer tool, so commonly used as to be virtually indistinguishable from other types of software. Some of today's AI companies will vanish because they have merged into the industry's mainstream. Others will simply vanish. — *The Economist.*

Experts opine that most companies specialising in AI will vanish within the next five years



Malaysia is revamping its palm-oil industry.

REVIVING PLANTATIONS

Malaysia's palm-oil industry, which accounts for 60% of world production, is undergoing a structural transformation that will have social, economic and political implications. As the country's major producers seek to diversify into less-volatile sectors, the industry is becoming increasingly dependent on small farmers to maintain its dominant position in export markets.

The government and the industry face many challenges. Palm-oil plantations, with their reputation for arduous work and low pay, need to attract younger labourers, but wages are three-four times higher in the cities. The introduction of new harvesting and processing techniques could help to compensate partly for labour shortages and to keep down costs. Also, the industry has the opportunity to develop new applications for palm oil as demand remains little more than stagnant for the unprocessed product.

World consumption is expected to increase only moderately to the year 2000, rising by 6% a year to 20 million tonnes, from 10.7 million tonnes last year. A World Bank official, Ronald Duncan, told a recent seminar in Kuala Lumpur that palm-oil prices would remain low and volatile in the next few years. In 1974, a tonne of palm oil fetched $1,000; in 1990 it was $200.

Diversifications. As a result of the slump in commodity prices five years ago, which tipped the country into recession, the conglomerates running major plantations started to diversify into property and manufacturing. Now, about half of Malaysia's annual output of 6.1 million tonnes of palm oil is yielded by smallholders, with the rest churned out by large estates. Some 50,000 smallholders are working in the industry, while another 35,000 are employed by large plantations.

In 1990, Malaysia exported 5.6 million tonnes worth M$ 4.3 billion (Rs

3,139 crore; M$ 1 = Rs 7.30) of crude palm oil, processed palm oil and palm stearin. It accounted for 5.4% of total exports. Government planners had hoped that a recovery in the commodity's price on world markets would persuade many large players to re-enter the sector. But this now seems unlikely.

With so much at stake, Malaysia is accelerating its drive to integrate smallholders into an industry-wide structure through government-based organisations such as the Federal Land Development Agency (Felda) and the Palm Oil Research Institute of Malaysia (Porim).

Felda, a government-based agricultural cooperative, has 65% of the 8 lakh hectares of estate land under its jurisdiction devoted to oil palms. It accounted for nearly a fifth of the industry's total output last year.

But while Felda will play a crucial role in the shift to a decentralised agricultural economy by dividing its estate-sized operations among small cultivators, a larger question is whether the government can provide tax incentives and other inducements to encourage smallholders to fill the vacuum left by the large estates. Most smallholders are lower-income Malays and ethnic Indians who will be hard-pressed to survive without generous government support.

As such, the smallholder strategy will serve as a critical weapon in the campaign by prime minister Datuk Seri Mahathir Mohamad to combat rural poverty. The ruling National Front's continued dominance of rural constituencies could hinge on its success in meeting its objective.

As part of its strategy to modernise the commodities sector, the government is introducing advanced forms of technology such as genetic engineering to discover higher-yielding strains of oil palm. To replace the current emphasis on exports of crude palm oil, there will be attempts to develop value-added products.

Uphill fight. Another priority will be the development of a local industry to design harvesting and processing machinery which is tailored to the needs of producers of palm, rubber and cocoa. However, the government faces an uphill fight in persuading older farmers to replace traditional techniques — such as the hand-harvesting of palm kernels — with a more efficient technology.

Many tracts of land have not been replanted or upgraded as conglomerates hoarded their capital for forays into the property, manufacturing and tourism sectors. This led to stagnant yields during the recession years of 1985-86, the effects of which trickled down to the smallholding community.

The smallholder strategy will serve as a critical weapon in the campaign by prime minister Mahathir Mohamad to combat rural poverty



Palm cultivation requires extensive tracts to preserve profitability and facilitate the processing of fruit into oil. During the heyday of the big plantation companies, estates were often thousands of hectares. But organising hundreds of smallholders into collective enterprises which match the old plantations in output will be more difficult.

Experts warn that land for palm cultivation is declining as prime sites are turned into property and commercial developments. According to Malaysia's Central bank, the total area under palm-oil cultivation grew by only 2.7% in 1990 to just under 2 million hectares.

The need to boost productivity on existing tracts, therefore, is greater than at any time in Malaysia's history. Failure to do so may have serious consequences, especially in the face of natural and market forces that could disrupt the nation's palm-oil sector.

Labour scarcity. The country's labour scarcity famine has spread to the rural economy. A dramatic spurt in foreign and domestic investment over the past two years is rapidly draining the country's pool of skilled and unskilled workers.

The shortage is most acute in the peninsular states of Pahang and Terengganu and is costing the nation about M$ 8 million a year in crop losses. Estimates reveal that there is currently a shortage of 8,000-9,000 skilled labourers and 2,000-3,000 harvesters in the palm-oil industry.

The gap is being partly filled by illegal labourers from Indonesia and the Philippines. But the influx of foreigners does little to counter what is described as a "greying" of Malaysia's hardcore rural workforce. The majority of Malaysian farmers — particularly in palm oil — average about 50 years of age and are difficult to retrain because of their lack of education.

Migrant labour from other south-east Asian nations could eventually disappear as wages in neighbouring countries catch up with those in Malaysia. "The question then," as one agricultural specialist points out,"is whether we can bring the young back to the rural sector."

This may be impossible unless agriculture's image can be much improved. Potential farmers will need to

be convinced that they can earn respectable profits in the sector. This calculation will depend heavily on the government's willingness to reform its tax structure for commodities being exported. Stiffer export taxes were levied on palm oil during the seventies as the federal government sought to boost revenue to meet expenditure on development projects.

Although the finance ministry has amended its taxes on palm-oil exports to match the general fall in prices, some observers think it is time the government overhauled its tax structure to give small, poor cultivators an opportunity to increase their earnings.

On the brighter side, the palm-oil industry also enjoys advantages not seen in other agricultural sectors. Particularly on the smallholder level, the sector is better organised than either rubber or cocoa. This advantage dates from the seventies when many state governments introduced a raft of palm-oil programmes with federal help. Communities of small growers enjoy an infrastructure of support services.

The ability to coordinate the activities of smallholders can also be extended to the employment of computers and other hitech gadgetry. Although the use of microchips to identify optimum growing conditions and use of materials is at an early stage in Malaysia, analysts say they will one day form an integral part of even the simplest farmer's work routine.

New markets. The government is also making progress in selling palm oil to new markets. China, Vietnam and Africa are high on the list of new clients. China emerged as Malaysia's single-largest buyer of palm oil for the first time last year — importing 7,98,142 tonnes, an increase of 63% over 1989.

New customers would be a welcome addition to three traditional customers: the Soviet Union, Pakistan and India, which respectively account for 12.9%, 11.4% and 9.1% of the industry's annual oil exports. The cabinet recently approved a plan to extend long-term credit facilities to its hard-up customers who import a minimum of 3 lakh tonnes of palm oil a year.

The newer markets could also take up the slack in Malaysia's excess capacity in palm-oil refining. Over-expansion in the seventies resulted in too many palm-oil refining centres, which was underscored by the collapse in palm-oil prices during the mid-eighties. Malaysia utilises about 9 million tonnes, or 75% of its refining capacity, despite efforts to import and refine crude palm oil from neighbouring countries such as Indonesia.

To attract new customers the government is attaching greater importance to marketing palm oil for industrial purposes. Primary industries minister Datuk Seri Lim Keng Yaik says it is now technically feasible to make polyurethane, a form of synthetic rubber, from palm oil. Other projects are under way to develop palm oil as an animal feed and to use it in the manufacture of vitamin E.

Malaysia is taking the offensive against soyabean lobbyists in the US, who began a damaging campaign against tropical oils a few years ago by emphasising their allegedly high-cholesterol content. "The idea now," says one expert, "is to concentrate on the good nutritional aspects of palm oil." One discovery — which Malaysia is eagerly publicising — is that a diet rich in palm oil may inhibit the growth of certain cancers, in contrast to foods heavy in animal fats and polysaturated oils.

Such breakthroughs confirm the quality of research undertaken in the palm-oil industry, an expertise nurtured since the British colonial period. Government funding continues to make Malaysian palm-oil research the envy of its competitors.

But given the progress being made by rivals, some analysts question a decision by several government-linked corporations to expand their investment in palm-oil ventures in Indonesia, Papua New Guinea and elsewhere. While such technology-sharing projects reap diplomatic rewards, critics in the domestic sector say it is hardly in Malaysia's national interest. They warn that in the future, more care must be taken to balance the needs of Malaysia's restructuring palm-oil industry with the dictates of regional development. — *Far Eastern Economic Review.*

Peugeot and Sterling are homeward bound from the US.

BACKING OUT

With sales in a slump, everyone discounting like mad and some 40 different brands vying for buyers, competition has never been tougher in the American car market. So it was hardly surprising when, in early August, two of the weakest players decided to quit. For many in the industry, it has long been more a question of when, rather than whether, France's Peugeot and Sterling, the American division of Britain's Rover Group, would pack up and go home. The same pundits are now wondering who will be next?



THE BMW 325: *Being outpaced by Nissan's Infiniti*

Sterling got off to a bad start from its introduction in 1987. Early models were imported by a private distributor and did little to reverse the long-standing impression that British cars are quirky and unreliable. They suffered electrical problems, wood trim fell off dashboards and, in Miami, owners complained the sun bleached their cars' leather interiors purple and green.

Vain attempts. In its first year, Sterling's sales were 14,171, miserably behind a wildly-optimistic forecast of 40,000. In 1988, Rover bought out its distributor. Quality improved, but perceptions were harder to change. Rover spent millions of dollars propping up



THE LEXUS SC 400: *Giving Mercedes-Benz a run for its money*

its small dealer-network and in its most recent advertising campaign even offered to buy an English manor house for anyone who could find a better-equipped car for less money.

The adverts got lots of attention but generated few new sales. Last year, Sterling's sales barely topped 4,000 and, in the first seven months of this year, they dropped to just 1,878. Ironically, Japan's Honda — which makes America's best-selling car, the Accord — has a 20% stake in Rover and cooperates with it on model development.

Peugeot's 34-year-long attempt to carve out a niche in America was equally futile. The French car-maker hit its peak in 1984, selling only 20,000 cars. Most of them were fuel-efficient, diesel-engined vehicles. By 1990, the American market for diesels had all but disappeared. Despite the introduction of the new and well-reviewed 405, Peugeot had become little more than an asterisk on the sales charts with sales tumbling to just 2,240 in the first seven months of this year.

Sterling and Peugeot might have chugged along for a little longer had it not been for America's recession and the arrival of new luxury cars made by Japanese rivals. Lexus, Toyota's luxury-car marque, is now giving Germany's Mercedes-Benz a run for its money and — despite a slow start — Nissan's Infiniti range of luxury cars is outselling BMW.

With the departure of Peugeot, the French car industry has lost its last toehold in America. Renault backed out four years ago when it sold its stake in American Motors to Chrysler. Rover continues to sell its four-wheel-drive Range Rover there. Britain's Jaguar (now owned by Ford) also slogs on. But both have serious troubles. Range Rover sales were a mere 1,639 for the first seven months of the year, down from 2,526 in the same period in 1990. Jaguar sales have plunged by more than half in the same period to 5,175.

Other marques also look vulnerable. In the first seven months of the year, Germany's Porsche sold only 2,844 of its sports cars in America — down from 5,881. Italy's Alfa Romeo is probably the weakest, even though it actually managed to increase sales by 30% in the first seven months to 2,364. Alfa's cars are marketed through a tieup with America's Chrysler, which is itself in difficulty. Alfa's parent, Fiat, has come and gone from the American market three times before. Alfa may yet be Fiat's fourth exit. — *The Economist.*

NEC breaks new ground in superconductivity.

BUCKY BALLS OF FORTUNE

Behold the new face of Japanese research: it is corporate, international, multi-disciplinary and effective. At the end of July, scientists at an NEC laboratory announced they had set a record for superconductivity in a new class of carbon-based materials. (Superconductivity means loss of all resistance to electric current; a desirable property with a lot of potential applications.)

What makes this achievement remarkable is not the record itself. Before NEC can strut its superconductive stuff, its material needs to be chilled to minus 240°C, well below the temperature at which rival materials lose their resistance. Rather, it is the speed with which the record was set and the nature of the competition.

The surprise announcement that carbon can be persuaded to superconduct was made in mid-April by researchers at AT&T's elite Bell Laboratories in New Jersey.

The group at Bell was a large one, consisting of perhaps as many as 30 researchers. The NEC team, by contrast, had just seven members. But it mustered the mix of chemists and physicists, theoreticians and experimentalists required to get off to a good start.

> *Sudden availability has turned bucky balls into the hottest thing in science since cold fusion*

The new strategy. This style of working, team leader Katsumi Tanigaki explains, is something completely different for the Japanese company. "Five years ago, the work that each section did was determined by its field," he says. "If you were a chemist, for example, you were supposed to do only chemistry."

Another difference is the participation of non-Japanese researchers. The members in the superconductivity group include a US-educated Chinese and a Norwegian.

Bringing in overseas researchers is a deliberate strategy on the part of the laboratory's general manager Roy Lang. Not so long ago, Lang was NEC's only foreign researcher (and, having been born and raised in Japan, even he was not exactly foreign).

A final difference from old-style Japanese corporate research is that workers in Lang's lab are not tied to specific projects. It is this freedom which, more than anything else, explains why the NEC team was able to overtake Bell Labs' champion material-makers so quickly.

The carbon in question is not the material in its familiar guises of graphite (pencil lead) and diamond. Rather it is a third and until recently unknown variety. Its technical name is carbon 60 because it comes in a molecule consisting of 60 atoms.

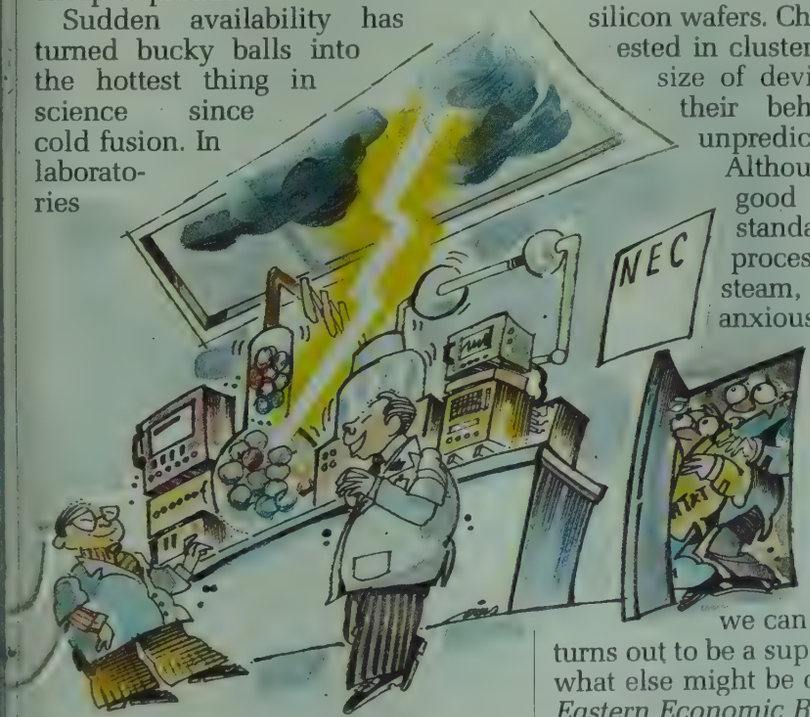
Carbon 60 was discovered in 1985 by Richard Smalley, a professor at Rice University in Houston. At first, Smalley could not figure out how 60 atoms would fit together to form a single molecule. Then, late one night, mulling the problem over a beer in his kitchen, the solution came to him: a combination of pentagons and hexagons that fitted together to form a spherical shape which looked like a soccer ball.

In 1954, avant-garde architect Buckminster Fuller used the same combination as the basis for his first geodesic dome. In his honour, Smalley named the new molecules "buckminsterfullerenes." Later, however, most scientists began to refer to them simply as "bucky balls."

Smalley obtained his first bucky balls by zapping fast-flowing carbon vapour with a high-powered laser beam. This exotic technique produced only minute amounts of molecules. As a result, for the first five years after their discovery, bucky balls remained largely a laboratory curiosity.

Then last year, a joint US-German team of scientists came up with a simple method for producing carbon 60 in relatively large quantities. Smalley says that, scaled up to industrial level, this method could make bucky balls dirt-cheap to produce.

Sudden availability has turned bucky balls into the hottest thing in science since cold fusion. In laboratories worldwide, the race is on to characterise the properties of the new material — then, having done so, to find useful things to do with it.



Already, several possible applications for bucky balls have emerged:

- **Lubricants:** Bucky balls could become tiny ball bearings for greasing the gears of micromotors (themselves the subject of much recent scientific excitement).
- **Drugs:** Bucky balls are empty inside. This space could be used to "shrink wrap" other materials, such as the radioactive atoms used in cancer treatment. That might lessen the damage these materials cause to healthy tissue.
- **Switches:** Methods of making high-speed electronic and optical devices are limited to two dimensions. Bucky balls could be used to make three-dimensional structures.
- **Superconductors:** The list of applications for these (such as high-speed "maglev" trains) is well-known. But though the temperature at which carbon 60 becomes superconductive continues to rise, the balls are more expensive to make than the so-called oxide superconductors, some of which are already nearing commercialisation. Other properties, such as carbon 60's current-carrying abilities, remain to be demonstrated.

Although they are unusually stable, bucky balls are by no means unique among molecules. They belong to an exciting new class of materials known as clusters.

These stand in the spectrum of matter somewhere between individual atoms and bulk materials such as silicon wafers. Chip firms are interested in clusters because, as the size of devices gets smaller, their behaviour becomes unpredictable.

Although it will be a good few years before standard silicon processes run out of steam, chip-makers are anxious to discover what may lie ahead.

"It's exciting," says Kirk Kolenbrander, a professor at the Massachusetts Institute of Technology. "If the very first cluster we can make in quantity turns out to be a superconductor, then what else might be out there?" — *Far Eastern Economic Review.*

NEWS BRIEFS

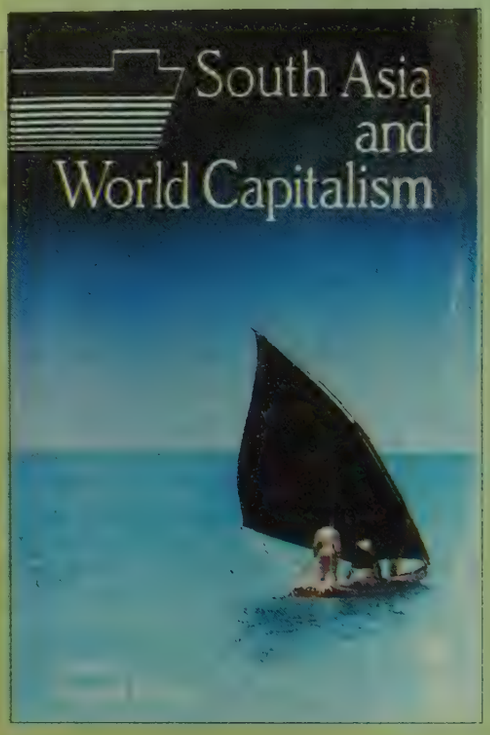
■ The game is getting tougher for **Nintendo**, the he-man of the video-game industry. **Sega Enterprises**, the world's largest arcade video-game-maker, is strengthening its home video-game operations in an attempt to leapfrog past Nintendo. Sega's strategy is simple: base the new generation of home video-game software on popular arcade titles. Will it prove a success saga?

■ Soft drinks-makers in the UK could be in for hard times. According to the UK's Monopolies & Mergers Commission, a number of drinks companies are operating a monopoly in Britain's £3 billion (Rs 12,900 crore) carbonated-drinks market. A 13-month investigation by the commission revealed that **Coca-Cola & Schweppes Beverages** — a joint venture owned by Amalgamated Beverages, which in turn is owned 49% by Coca-Cola and 51% by Cadbury Schweppes — has imposed restrictions on certain distributors. It has also acquired businesses to help maintain its monopoly position.

■ A chief executive as a salesman? Sounds improbable, but with the tough times and changing business climate, top US CEOs are being forced onto the sales warfront. Last year, **Xerox** CEO Paul Allaire grabbed a $0.3 million contract by himself after his sales team couldn't make much headway on that front.

■ Volkswagen **(VW)**, the German car-maker, has driven out the third generation of its Golf car range, the bestselling car in Europe. The car, which took 38 months to develop, is expected to be produced at a rate of more than 4,000 a day by the mid-nineties. VW has spent DM 2.7 billion (Rs 3,985 crore) in research and development and new plant and equipment for the Golf.

NO CLEAR ANSWERS



(Edited by Sugata Bose; Oxford University Press; 1990; pp 405; Rs 325.)

Jeeves! This is a bit thick. Listen to this bird Wallerstein! "The antinomy between the idiographic and the nomothetic is as old as social thought."

Indeed, Sir.

I mean, dash it, why can't he speak English.

I believe, sir, the conference on south Asia and world capitalism held at Tufts University in the US in December 1986 and attended by nearly 150 social scientists from three continents, was conducted in English.

Tshach, Jeeves, and also Tush. What do you say to 'agrestic'?

Perhaps, sir, the writer means 'rural.'

Then why doesn't the blighter say so? And this blather on the periphery and the semi periphery.

Indeed, sir, it appears that quite unbeknownst to us a fierce battle has been raging within this community of academicians. You may have noticed, sir, that some of the participants admit to confusion even about the precise identity of south Asia and world capitalism.

And Jeeves, have you noticed how these blokes keep breaking out into brackets.

I presume they are references to learned works by other scientists adduced to lend authenticity.

What absolute rot, Jeeves. Why would something perfectly simple like "regional and inter-regional trade and economic differentiations are now clear in medieval India" need to be authenticated by "(Banga: 1981; Champakalakshmi: 1986; Chattopadhayay: 1986; Hall: 1980; Heitzman: 1985; Jain: 1981; Stein: 1960, 1980)."

Surely, sir, a scholarly disputation cannot avoid being battological in such metapolitical fields. Particularly since the epidaphical parenology of marxisante has undergone sharp metamorphosis. The xiphoid logic of the marketplace has had extreme zymogenic effect.

Um. Right ho, Jeeves. Now for a stiff W. and S. as I plough on.

That could have been the review. But it can't because, stripped of scholastic razzle-dazzle, *South Asia and World Capitalism (SA and WC)* is a serious book, on an important subject, and this is an appropriate time. The tiger is at the gates. World capitalism is here and now. South Asia trembles, to quote the late Ashoka Mehta, "to open its womb."

It might be worthwhile to pause here and ask: why so? Unfortunately, the 17 papers in the book do not really have a clear answer. Jayati Ghosh comes close to the subject (*Impact of Integration; India and the World Economy in the eighties*). Her recital of the contradictions within the mature capitalist economies provokes thought if not alarm. First, she says, is the contradiction of German and Japanese savings and surplus financing US debts and deficits. How long can this go on? Second, its very success has left world capitalism without new frontiers to conquer. So capitalist countries are most likely to turn upon each other. Third, post-1982 economic recovery did not dent unemployment, but rather led to increase of political control of the rentier classes who hate inflation. Fourth, while real wages in capitalist countries have increased, share of wages in total output has fallen. She stops here. Left unsaid is that organised labour has preferred to have a nicer slice of a bulging cake even at the cost of growing ranks of unemployed. Could this be the central rot that has sapped the vitality of the left? Ghosh's fifth contradiction is the plight of the poor-cousin economies which have hitched their wagon to the star of WC. They huff and puff only to fall behind. More so because of the "adjustments imposed by multilateral agencies." The cure has been found to hurt worse than the disease.

Hence her conclusion for India's policy options. It is exactly the opposite of what all right thinking economists are fervently and publicly prescribing today.

Incidentally, 12 of the 17 papers are focused on India. And none addresses why in mid-1991, despite five successive years of record harvests, 8%-plus growth in industrial production and 10%-plus growth of power generation, we are, once again, making out with the begging bowl.

True, the operation of the Industries (Development & Regulation) — IDR — Act, the Monopolies & Restrictive Trade Practices (MRTP) Act and the Foreign Exchange Regulation Act (Fera) and the public sector have littered our land with corruption, high cost, badly-skewed incomes and obese complaisance. Nor is the current catechism of deregulation, denationalisation, devaluation as offerings to the latest goddess — economic efficiency — entirely repugnant. But when measured reform degenerates into panic, one tends to ask: where's the rush? And also, how will it hit our fragile social polity?

A case in point is Ayesha Dalal's paper on Pakistan. She tracks

The papers have an impressive spread: in time, in space, in focus, and theme. There is a real effort to combat Euro-centrism

Pakistan's growing social cleavage, its economic demoralisation and the monumental hoax on the people exploiting religion. Inevitably, the generals and bureaucrats opt and conspire for dictatorship.

The central syllogism of *SA and WC* is:

- South Asia has been linked to world trade for hundreds of years.
- World trade is world capitalism.
- Ergo, south Asia has been linked to world capitalism for years.

To be fair, the paper-writers do not regard WC as an unmixed blessing for SA. Nevertheless, their attempts at rationalising the past and at fitting events to a prior framework tend to overlook some rather significant ground realities.

For example, in the first section which attempts to depict world systems and south Asia, Wallerstein, Bayley and Washbrook engage in heavy scholarly debate. But in that welter of aggregation is lost the question of the very strong nationalities and sub-nationalities of the region. To the extent that academic theories influence the minds of politicians and administrators, this could prove to be a perilous omission.

In the second section, K.N. Chaudhary, Bayley and S. Dale expend much learning to prove that capitalism has been around in SA for a long time. One needs to only refer to the *Arthashastra* price and penalty lists, the administrative edicts of Asoka and the Jain kings of Orissa, or the court records of Mughal times, to know this is fact.

What does not come out is why Indian capitalism — despite so long a history and such great strength — could not/did not get up the gumption to fight inroads of foreign capital. Why was it unable to replace the Mughal state with one of its own making? Why instead did it choose to seek shelter under British arms even when there could be no illusion about the economic intent of the East India Company? These questions retain their relevance to this day.

In the third section, Ludder reveals village India's longstanding and growing links with world trade. This is a valuable piece. Particularly since his thesis is that the interregnum between Mughal glory and British supremacy was no "dark period" at all.

Gyan Prakash, with rare sensitivity, traces the transformation of the Bhuiniyas of south Bihar from feudal serfs to semi-capitalist bonded labour. His use of folk ballads as a historical source is remarkable for its originality.

The next group of papers arouse strong contemporary interest. Richard Fox traces the ease with which Gandhian socialism decomposes into Hindu nationalism of the RSS-BJP. Johnson underscores India's contribution to Britain's empire building by providing military resources, free of cost. "India," he quotes the good Lord Salisbury, was like having "an English barrack in the Oriental seas from which we may draw any number of troops without paying for them." The linkage with world capitalism is finally consummated.

Combined, the papers have an impressive spread: in time, in space and in the array of focus. There is conscious effort — more in some than in others — to combat Euro-centrism: the measurement of history and socio-economic development solely on the scales of European (read Anglo-Saxon) experience. This is most welcome.

As we said at the beginning, *SA and WC* does not answer some crucial questions:

Why is the tiger at the gates?

What will happen to south Asia once it comes in?

Perhaps social scientists are not meant to provide such answers. Not in this day and age. Perhaps their successors, analysing the fine dust of history 50 years from now, will.

□ Tapan Mitra

• *Mitra is the managing director of Indian Aluminium Co*

ART ON WHEELS

The highly-rated Calcutta Metro Railway now has the unique attribute of being perhaps the only underground railway in the world where the trains are also mobile art galleries. Original paintings, framed in glass-covered aluminium frames, are nowadays on display inside the coaches. These are all for sale. All that commuters have to do is contact Incoda, the Calcutta-based firm which has the entire underground advertising franchise.



"My purpose is purely altruistic," says Incoda's proprietor S.N. Dutta. Helping young artists has been a cause always close to his heart; so when the Metro authorities were mulling over beautification plans for coach interiors, Dutta came up with his innovative proposal. "I wanted something subtle that would be aesthetically appealing as well," he recalls. Not surprisingly, Incoda won the contract.

Once the plan was okayed, Incoda invited Calcutta's ubiquitous fledgeling artists "to take their talent underground." A panel comprising eminent figures from the city's art circles vetted these entries, with Incoda giving away cash prizes for the best-rated paintings. The paintings were then put up for display and sale in the Metro coaches.

With shrewd business sense, Dutta roped in corporate sponsors to advertise on the mastheads above the paintings. "The revenue generated is only a fraction of our total investment," says Dutta, "but once the concept catches on I hope to involve companies on a larger scale."

According to him, some of these paintings have been actually sold at prices ranging from Rs 1,500-10,000.

The scheme is now a few weeks old. Going by feedback, commuters have taken to it well. And it is a satisfying thought that even in the hardnosed world of contemporary business, there exist individuals who are willing to take an entrepreneurial risk in order to propagate art for art's sake.

ENTER DUTT

A change of guard is imminent at Bata India. Although no formal announcement has been yet made by the company, it is reliably learnt that with effect from 1 November, P.K. 'Ronju' Dutt (currently with Lipton) will be taking over as managing director from present incumbent Vijay Lamba. Like Lamba, Dutt too is a marketer; therefore, Bata's market-driven policy orientation is unlikely to change.

In fact, if anything, its customer-led strategy is being reinforced. On Calcutta's upmarket Shakespeare Sarani, the Edwardian bungalow (which houses Bata



DUTT: *Stepping into new shoes*

India's head office) is having its street-fronted outhouses redone to accommodate a 'superstore' for the entire range of Bata products. The bungalow itself is not being demolished for a skyscraper, at least for now. Unless Dutt has other plans up his sleeve.

FEAR OF HEIGHTS

ITC's yuppie tobacco division chairman Yogi Deveshwar is admittedly a high-flier. But even if his eyes — and his career graph — are set towards the stratospheric heights it seems his feet are planted firmly on the ground.

To wit, although Deveshwar's name was being tossed around in New Delhi's corridors of power as chairman of Air India, it seems Deveshwar himself is quite happy to bide his time at Virginia House. With age and track record on his side, after all, he has a realistic chance of making it to the top job at ITC in due course.

On the other hand, former ITC deputy chairman Ram Lakshman's recent experience with the civil aviation and tourism ministry, which he served as Indian Tourism Development Corp (ITDC) chairman, was hardly too happy. For that matter, Rajan Jetley too was an ex-ITC man. For now, the world will never know whether Deveshwar would have made third time lucky.

EXIT MALLYA

Next fortnight could well witness Vijay Mallya's last appearance at Berger Paints annual general meeting. On the other hand, Delhi-based paint baron K.S. Dhingra who joined the Berger board recently on the strength of his just-acquired 6% stake, could possibly find himself the single-largest shareholder by this time next year — if all goes well at the Reserve Bank of India (RBI).

The latter is currently processing a routine application (under the relevant Foreign Exchange Regulation Act — Fera — provision) seeking RBI's okay for the transfer of a 76% equity chunk in Berger Paints from Berger Jenson & Nicholson to UB International, both UK companies. Once this transfer is formally greensignalled, Mallya will have a free hand to divest his controlling stake at Berger Paints in Dhingra's favour. All of which is more likely than not to be over and done with within a year.

ADVANTAGE SINHA

Even as Mallya is getting out of paints, his confrere S.P. Sinha, chairman of Jenson & Nicholson (India) — not connected with Berger Jenson & Nicholson, UK in any way — is busy firming up diversification plans.

Sinha was in Europe last fortnight, closeted with the top management of Carl Schenck to work out the details of a new



SINHA: *Firming up diversification plans*

joint venture christened Schenck Jenson & Nicholson (SJ&N) being floated shortly. Being flagged off with a capital base of Rs 3.5 crore, SJ&N will manufacture high-tech load sensors and allied specialised equipment. The exact modalities of the new company's capital structure too were being mutually thrashed out. It is likely that Jenson & Nicholson (India)'s shareholders will be given a rights opportunity to buy SJ&N shares.

The Patna-based Sinha's paints, cement and hotels businesses yield a Rs 140 crore annual turnover — which makes him Bihar's No 1 industrialist. Now, SJ&N promises to add substantially to his group's fortunes.

NEEDING REDEMPTION

It is a matter of more than just idle curiosity as to why the shares of two hopelessly sick fibre companies — Orissa Synthetics and India Polyfibres — are being traded fairly actively these days and that too at above par value.

One line of reasoning is that what with neither company having more than a snowball's chance in hell of getting back into profits, their only hope for salvation lies in a buyout by someone who can derive synergy via backward and forward linkages. The Ambanis and the Modis are being mentioned as possible redeemers.

For evident reasons, this is quite a cogent conjecture. Whether events will confirm it is a moot point, but the fact remains that not a few shrewd investors anticipate favourable developments.



The Thapar Group

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I WAS A KID:
'SON, A SHIRT LOOKS BEST
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WESTON ELECTRONICS: NOT IN GOOD NICK

BusinessWorld

THE MAGAZINE FOR INDIAN BUSINESS

UNIT
16 OCT 1991
T. M. I., MYSORE

Subrata Ganguly



ACC

BULL FAVOURITE

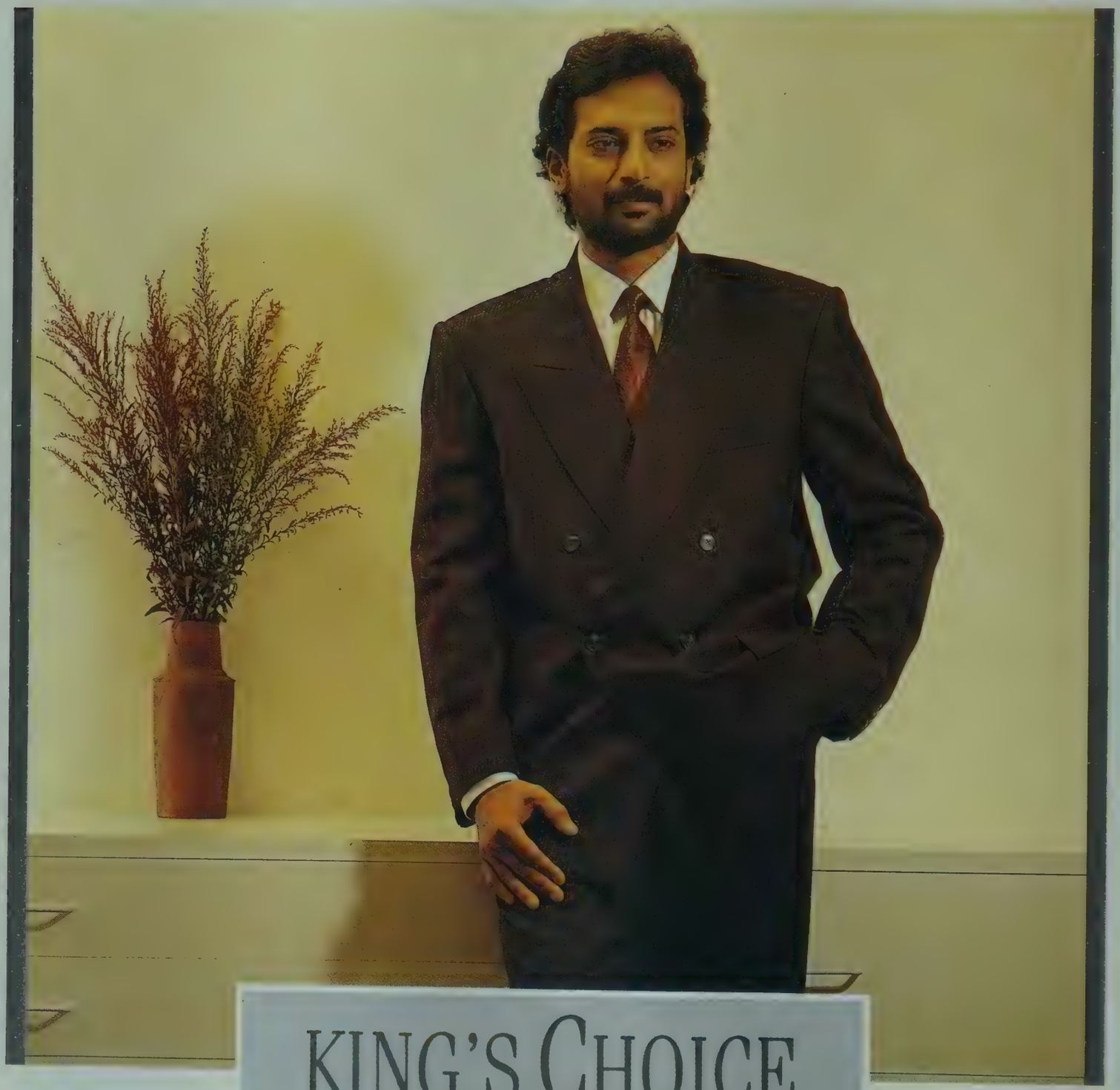
ACC is today the darling of the stockmarkets. And it promises to remain so. The man behind this bull scrip is managing director Subrata Ganguly.

COMPUTERS: EASTERN FORAY
CSI 91: FLOP SHOW?

NEW ISSUES
BOOM TIME

A GENTLEMAN'S PRIVILEGE





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BusinessWorld

the magazine for Indian business

VOLUME 11 ISSUE 13
25 SEPT-8 OCT 1991 RS 10

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25-28 Atlanta, 209 Ceremonial Boulevard
Nariman Point, Bombay 400 021
Phone: 233193
Circulation/Subscription enquiries
81 Modi Street, 2nd floor,
Fort, Bombay 400 001
Phone: 2610268
Head Office & Regd. Office
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6, Prafulla Sarkar Street, Calcutta 700 001
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Phone: 3710283, 3715346 (Editorial)
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London
Wheatsheaf House, Carmelite Street
Fleet Street, London EC4
Phone: 01-353-1821
Inland Subscription Rates
One Year: Rs 168
Two Years: Rs 336
Three Years: Rs 504

BusinessWorld does not accept responsibility for returning unsolicited manuscripts and photographs.

Printed at Tata Press Ltd, 414, Veer Savarkar Marg, Bombay-400 025 and published from 145 Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400021, by Ranen Chakravarti on behalf of Ananda Bazar Patrika Ltd.

BUSINESS QUOTES



...(the Indian bureaucrat) is a well-trained animal.

Prime minister Narasimha Rao, quoted in Indian Express.

You can call brokers crooks. But how can you ignore what these 'crooks' have achieved in all these years for the Indian capital markets.

Calcutta stock exchange president Ajit De defending the stockbroking fraternity, quoted in The Economic Times.

For every decline of 30-40 points, the (stock) market bounces back to much higher levels. This wouldn't happen in the case of excessive speculation.

Canbank Mutual Fund general manager B.R. Acharya, quoted in India Today.

I am going to sue for defamation. I cannot allow this kind of slur on character to go unchallenged.

Kishore Chhabria on allegations that he had demanded a large sum of money for dropping the case against GEC, quoted in Business Standard.

Something is seriously wrong with our social structure. Consumerism is creating all kinds of impossible demands.

Information & broadcasting minister Ajit Panja, quoted in The Independent.

What's the matter with you? You (Ajit Singh) want to be another Devi Lal!

Former Orissa chief minister & Janata Dal member J.B. Patnaik, quoted in The Afternoon Despatch & Courier.

...we must economise on our funds. However... we are committed to continuing economic assistance to India.

German chancellor Helmut Kohl, quoted in The Times of India.

You will not live long enough to see me resign.

Soviet president Mikhail Gorbachev, quoted in Mid-Day.

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MANAGEMENT

PROFESSIONALS AS ENTREPRENEURS

Today's managers rarely tend to stay on with a company for too long. One way to make them do so is to give them the freedom to function the way they want.

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ENTREPRENEURS

GOING HELL FOR LEATHER

Hidesign chief executive Dilip Kapur made his pile



KAPUR: *Cashing in on quality*

selling premium leather garments to the West. But now he has *desi* designs.

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THE FOREIGN BAND

In a flurry of activity, the government recently cleared some foreign investment proposals. But the floodgates are yet to open.



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BULL FAVOURITE

Associated Cement Companies (ACC) is clearly the darling of the stockmarket bulls today. The man who has rescued it from the dumps is managing director Subrata Ganguly. What makes him tick?

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FISHFUL THINKING

Marine food exports are going great guns. The big boys of Indian industry are now taking the plunge.

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NEW ISSUES: BOOM TIME

The primary markets, after a distinct lull, have perked up again. Companies by the score are going hat in hand to the public.



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THE REPELLENT ATTRACTION

Mosquito repellents have grown into a Rs 100 crore business. A host of new players have entered the fray.

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A STAR IS REBORN

Zodiac supremo Anees Noorani is trying to



NOORANI: *Revamp bid*

rebuild a declining brand. He has had some success so far.

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MARKETING

BESTING THE BIG BRANDS

Making a mark in a market dominated by the majors can be a frightening prospect for a newcomer. But there are some formulae for success.

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GETTING BACK ON TRACK



PAUL: *Urging change*

Economic terrorism (mismanagement, maladministration et al) has led to the sorry mess India is in today. Non-resident Indian industrialist Swraj Paul pleads for a change in attitudes to tackle it.

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TRENDS

AN EASTERN FORAY

Infotech has found it tough penetrating east India. Now, at long last, things seem to be changing.

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CSI 91: FLOP SHOW?

The Computer Society of India's annual bash seems to be headed for a washout this year. What has gone wrong?

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VIEWPOINT

"COIN-COLLECTING IS SAFE"

But there is poor awareness among Indians regarding this investment avenue. Dinesh Mody, an avid coin collector, is out to rectify this problem.



MODY: *Coin czar*

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IN THE NEWS

GOING PLACES

The Bombay-based Aimco Pesticides has bagged two overseas contracts in the face of competition from international companies. Director Nimesh Dave foresees good times.



DAVE: *Going overseas*

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CORPORATE INSIGHT

NOT IN FINE NICK

Weston Electroniks has just witnessed a sharp drop in both turnover and profits. Managing director Sunder Vachani is, however, hopeful for the future.





A WESTON TV ASSEMBLY PLANT & VACHANI (INSET): *New (tele)vision*

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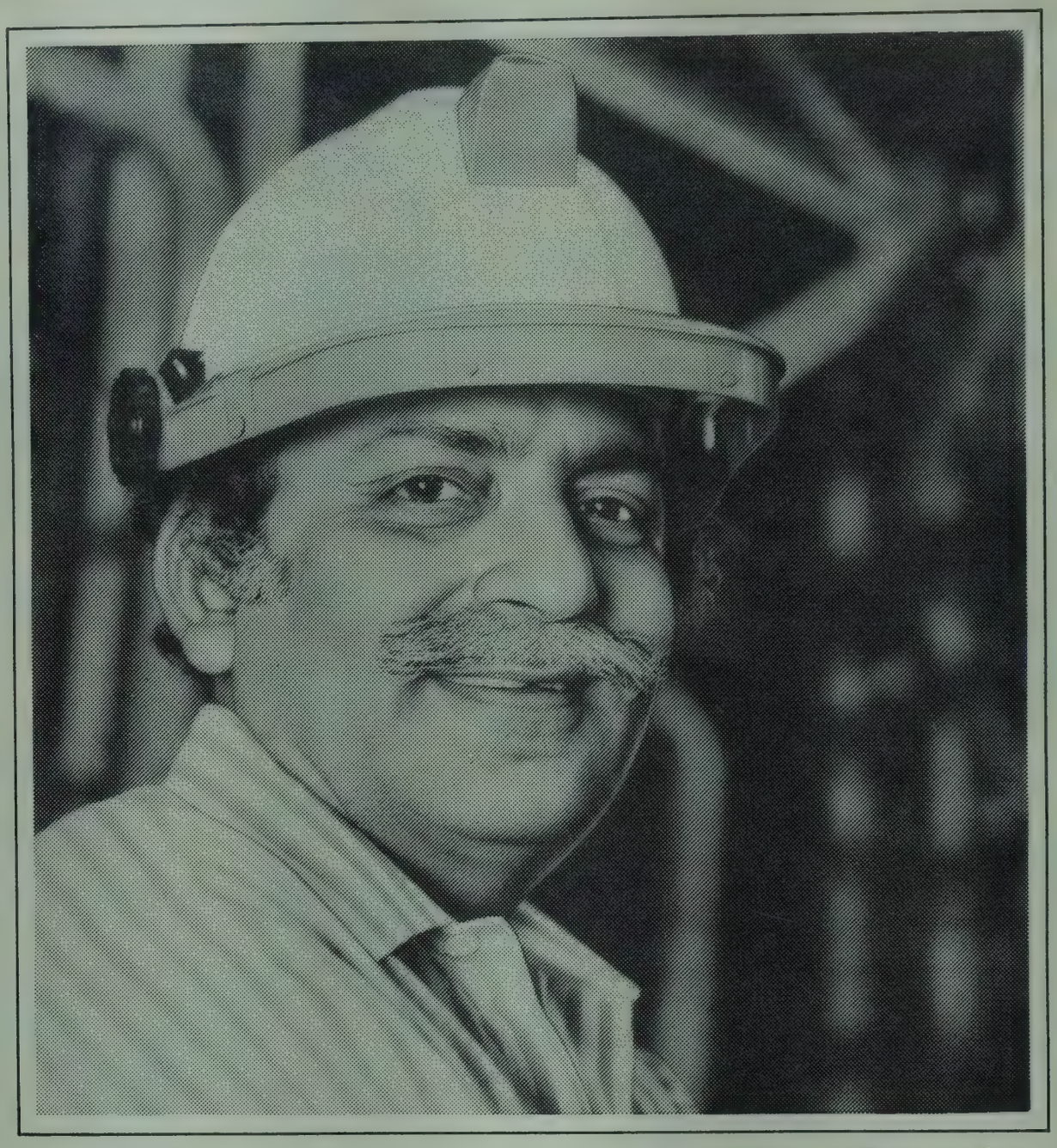
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Cover pix: Dhanesh Thakkar



Citizen Dunlop

The problems are complex. Diverse. The problems of progress. But everything has a solution. It needs creativity. Innovation. Knowhow. And skills built over decades. The professionalism of Dunlop. Applying the ultimate scientific, technological and design expertise to transform basic raw materials into the finest finished products. To meet gigantic challenges set by core industries. Or the humble needs of a small artisan. With equal commitment and confidence. Researching, developing, putting technology to work for Indian industry.

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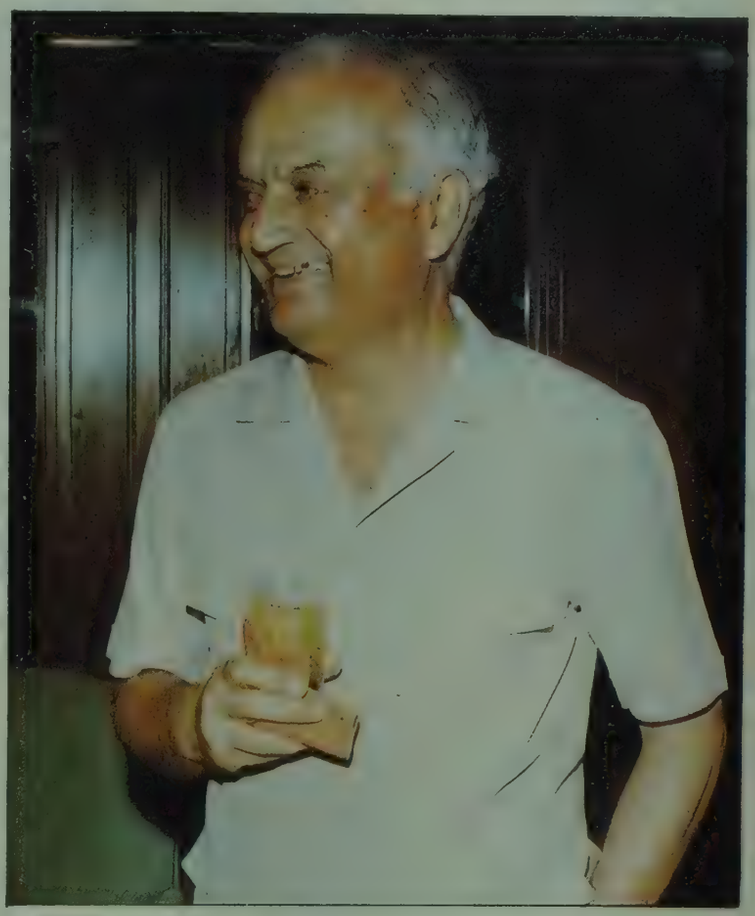
DUNLOP Pledged to keep India ahead. Always ahead.

Campaign/DIL/265/2A

When K.S.B. 'Shubhi' Sanyal packed his bags and boarded a train for New Delhi the day he retired from Andrew Yule three months ago, everybody thought he was bidding goodbye to Calcutta. But after a summer sojourn in Blighty, lecturing at Leeds and holidaying with son Debashis in London, the former sheriff has been lately popping up at social bashes and on the golf courses of his former bailiwick.

His migration to the capital notwithstanding, Sanyal says he finds boardroom beckonings from Calcutta wholly irresistible. West Bengal Filaments, Kalyanpur Cement and Jenson & Nicholson he has already joined. A couple of invitations from top corporate names have been accepted. (Since the completion of procedures are awaited, it would be a breach of privilege to name these companies — but when the announcements are made, do remember you first read about them here!) "And all along," he chuckles, "I thought I was a chap difficult to get along with."

Not a few would agree with him, though. The sharptongued, outspoken Sanyal has not balked from ruffling feathers in the course of his career — thanks to which there even exists a sizeable corpus of detractors who stiffen at the mention of his name. Will retirement mellow him? Hardly likely.



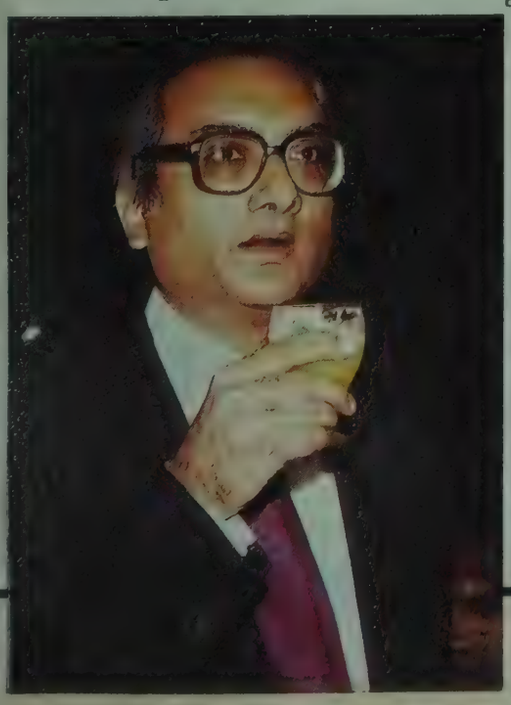
SANYAL: *Back to home base*

Guess who's watching his weight these days? The unlikely candidate is none other than Aditya Vikram Birla. One would have thought, though, that his insatiable appetite is only related to the expansion of his Rs 8,000 crore-plus turnover business empire rather than his size-36 midriff.

Even so, short of being stricken by anorexia, Birla is keeping a severe tab on his calorie intake these days — with happy results. "I've lost eight kilos in the last 14 days," he says.

And to ensure that whatever calories he does consume are appropriately burnt away, Birla has commensurately pepped up his forays on the badminton courts of the Bombay Gymkhana Club. Clearly, even when it comes to sporting the lean and hungry look, Birla means business. Big business.

BIRLA: *Cutting calories*



He's not all gas; British Gas plc director W.L. Mercer wants to put his company's plans in India on a concrete footing. "India has an ever-changing scene," he says. "And we are watching it very carefully."

British Gas is making a bid in the fourth round of oil exploration. Mercer says he sees a lot of prospects in India. "It is worth getting involved," he adds.

The £9,000 million turnover giant is also preparing feasibility reports for the supply of piped natural gas to Delhi, Calcutta and Bombay in collaboration with the Gas Authority of India.

According to Mercer, British Gas is competing with French outfit Sofregaz for the project. Any advantage over them? Quips Mercer: "We speak the same language."

MERCER: *Piping proposals*



"NEVER"

It seems just like yesterday, but it's over a year ago. I still remember the emphatic way in which I said "Never" when my boss mentioned Speed Post in the Routine Matters Meeting.

Being a long-term planner (Why else do you think he is my Vice President?), he bided his time and, when he was on tour, sent me a Speed Post parcel.

I was impressed by their efficiency, and by my Vice President's operating style. He made his point! Today, my courier is Speed Post. And he's my President!



THE PRICE OF FREEDOM

The Great Bolshevik Revolution of 1917, after 74 years, is just over. History has been rewritten, and the Soviet Union will never be the same again.

US president George Bush has publicly rejoiced at this development, as have millions in all continents who share his repugnance to communism. This is also a fit moment to shed a silent tear in memory of the countless innocents who have sacrificed their precious lives over these decades at the altar of communism, in the Soviet Union, China and elsewhere.

The grand failure of communism and the end of the cold war are doubtless welcome events politically. However, for the poor of the world — in which number, unfortunately, we Indians must perforce count ourselves — the economic repercussions are both grave and uncertain. Worse still, these happen to be particularly skewed against India's specific economic interests.



India will have to tackle the uncertain economic fallout of the communist collapse on its own

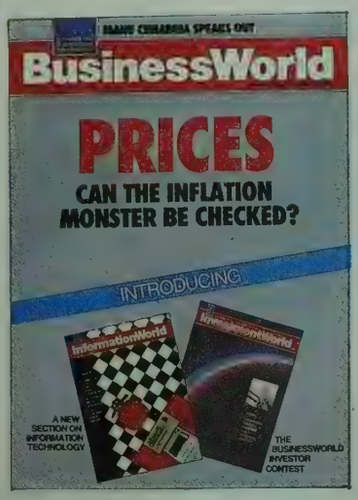
Paradoxically, in the global arena, notwithstanding its earlier political clout, the Soviet Union's economic presence has never been a towering one. Last year, for instance, the country had a more than 20% fall in gross national product, but the world barely noticed. Experts opine that even a total shutdown in the Soviet Union would have little macro-economic impact on the first world.

Therefore, the uncertain economic fallout of the communist collapse will have to be tackled by India on its own steam: there will be no hands to hold and no shoulders to sob on. To start with, there is the immediate likelihood of a sharp fall in the level of Indo-Soviet trade, which stood at Rs 7,818 crore in 1990-91. India actually enjoyed a trade surplus of Rs 2,714 crore in the last financial year.

If the rupee trade arrangement is scrapped — which is probable — then the entire arithmetic of Indo-Soviet trade will irrevocably change. Today, Indian import decisions are predisposed in the Soviet Union's favour because hard currency is not spent if one buys from that country. In future, Soviet goods will be inevitably evaluated with other free currency ware. Similarly, it would be unrealistic to expect that the Soviets will generously spend their scarce dollars to buy made-in-India products rather than first world merchandise.

This is hardly a cheering prospect. For many Indian businessmen, the bigger lesson in the offing might well be that while Red Square has just gained its freedom, they have lost theirs. It will take a lot of running just to stay in place.

LETTERS TO THE EDITOR



EXCELLENT PIECE

The Business Feature 'Can the inflation monster be checked?' (*BW* 14-27 August 1991) was excellent. Checks to arrest the expansion of money are hardly effective. There is too much money chasing too few goods. And as the prices of essential goods and services are increasing, despite successive bumper crops, there is a dire need for a cut in the levies and taxes imposed on these essential commodities.

What will also take some time to improve is the balance of payments. While the cost of imports will go up following devaluation of the rupee, exports will take a longer time to take shape and improve in quality and quantity.

One way the government could cut down on its heavy expenditure is by restricting unnecessary air travel. In the absence of a proper fiscal strategy, the curtailment of expenses at all levels appears to be the only way everyone can contribute to arresting inflation. Saving the country's economy, after all, will be to everybody's benefit.

S. Sundara Rao
Madras

THE NAME GAME

Image-building and corporate revamps are the order of the day in India. The renaming of Bhadrachalam Paperboards (Corporate Insight, *BW* 14-27 August) is another step in that direction. Over the past two years we've had so many name changes: Everest Building Products became Everest Eternit; May & Baker was retagged as Rhone Poulenc; and from the Bombay Oil group there suddenly emerged a Marico Industries — the list could go on.

Have corporate managements ever thought about whether the exercises they've undertaken have brought in good enough returns? The quality of a product is not dependent on name tinkering. After all if you call Hari Singhal as Harry Singal, Hari will not take on the attributes of a foreign Harry. So, managements should lay a lot more emphasis on improving the quality aspects of products — name changes alone won't do.

David Burton
Dehradun

PLEASANT SURPRISE

I am a regular reader of *BusinessWorld*. The issue dated 14-27 August carried a pleasant surprise for me: your new section on information technology. It shows that *BW* is keeping up with — or rather sprinting ahead of — the times.

The interview with PSI-Bull's Mark Jennings reveals the intentions of an ailing French megacorp for the Indian subcontinent. But sadly it doesn't get to the behind-the-scenes manoeuvring that has come to signify the limping computer industry. Discounts are actually becoming the norm even in the higher end of the computer business, what with so many big foreign names pitching their tents in the country. And with liberalisation, I foresee an era of total revamping of the infotech order, as your Trends story has forecast. Keep up the good work.

Madhusudan Roy
Bombay

AUSTERE LIFE

Veer Sagar's Guest Column 'Living off software' (*BW* 14-27 August) fails to mention that only 30% of the $3,000-$7,550 per month that the "body shoppers" charge for each "body shopped" is spent on the "body being shopped." The rest is pocketed by the "body shopper" and/or the middle-person involved in the deal. This explains the spartan life led by the "bonded labour" that India exports. Surely software engineers deserve a better deal.

Dinar Mehta
New Delhi

DISHONEST PROPOSITION

The Strategy piece 'Branding a paper tiger' (*BW* 14-27 August) is thought-provoking. Samir Jain's gambit of running the Times of India group as a commercial enterprise for profit, however, is not a straightforward proposition when one considers the political clout it has.

The Editorial 'A long way to go' in the same issue is an eye-opener. No sooner than politicians assume ministerial positions, they become part of the establishment, revelling in redtape and warding off all attempts to cut it down.

Padma Waheed
Haryana

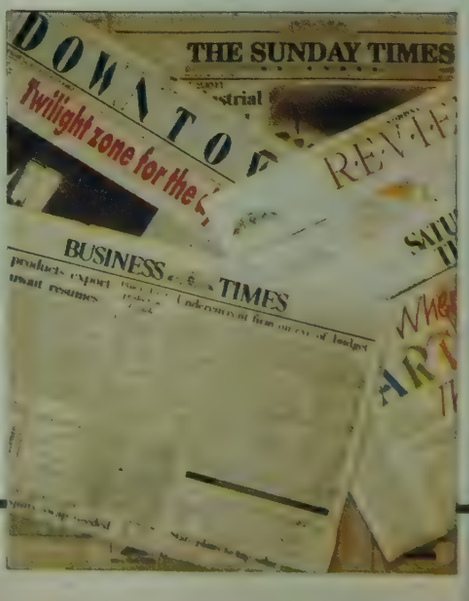
BETTER LATE THAN NEVER

This refers to the Management piece 'Terrorists and executives' (*BW* 14-27 August). How long will the country continue to be held hostage by such militants? It is high time the government and terrorists begin talks to arrive at an amicable solution. Else, kidnapping, killings and such threats will begin to undermine democracy. Security should not be restricted to our border areas and politicians; the people also must be included.

K. Raghunath
Coimbatore

HOODWINKING TERRORISTS

This refers to the Management piece 'Terrorists and executives.' An executive report in the March 1978 issue of *International Management*



(a McGraw-Hill publication) offers tips on how executives and their families can decrease their chances of becoming terrorist targets. Some excerpts:

- Do not put your name on your mailbox or front door; get your telephone number unlisted.
- Alter your routine and ask your family to do likewise.
- Do not park your car in the same place; avoid corporate parking space having your name and title.
- Do not ignore threatening letters and phone calls. Report all of them to the police.
- If you notice strangers parking outside your house or driving past for days on end, report it to the police at once.
- When travelling, give your itinerary to as few people as possible, and avoid making hotel reservations in your company's name or your title.

M. Gangadharan Nair
Thrissur

AN OMISSION

This refers to the Ad & Marketing World item 'Niche pitch' (*BW* 14-27 August). Petroleun giant Indian Oil Corp (IOC) should have been included in the names of companies listed as commanding a large marketshare. Besides, Indo-Burmah Petroleum has changed its name to IBP Co.

Rajiv Pandit
Ghaziabad

TALL CLAIMS

Apropos the Spotlight 'We are trying to consolidate' (*BW* 14-27 August) I would like to ask Manu Chhabria just this: consolidate with



CHHABRIA: *Not so tall*

who's money? Money pocketed from Chhabria group companies like Nihon Electronics have left lakhs of share- and debenture-holders bereft of their hard-earned savings! In India such usurpers not only go scot-free but are even featured in leading business magazines such as *BusinessWorld*, instead of being put in their rightful place.

Ask any aggrieved Nihon Electronics investor and he will say that Manu Chhabria certainly has done nothing to stand tall, as he does on page 41 of the issue.

N.M. Pinakin
Bombay

UNDUE PANIC

The Editorial 'An onerous task' (*BW* 31 July-13 August) talks about the stupendous tasks ahead for the Narasimha Rao government and spells out the major changes required. But how much have we achieved on these fronts since independence?

Such a lot of panic is created in the name of economic crises. But is the situation that bad? The inflation rates for 1980 and 1981 were 21.4% and 16.7% respectively, which is higher than the present rate of 12.1%; yet there wasn't such a big hue and cry raised.

Jagadish C. Patra
Orissa

MORE MODYS NEEDED

This refers to the Business Feature 'If I were prime minister' (*BW* 31 July-13 August). Russi Mody is one of the best executives our country has. His answers to the questions posed by *BusinessWorld* touch our hearts and minds. India really needs leaders like him to remove casteism and other such divisive factors from our society. I fully agree with his comment on Nehruvian socialism. It is quite clear by now that Nehru's socialist policy has had a bad effect on our economy.

Shailendra Kumar Singh
Rourkela

MODY: *India needs him*



THE GOVERNING BUSINESS

I would like to congratulate *BW* on its excellent Business Feature 'If I were prime minister' (*BW* 31 July-13 August), which I read with interest. It clearly brings out many of Russi Mody's characteristics.

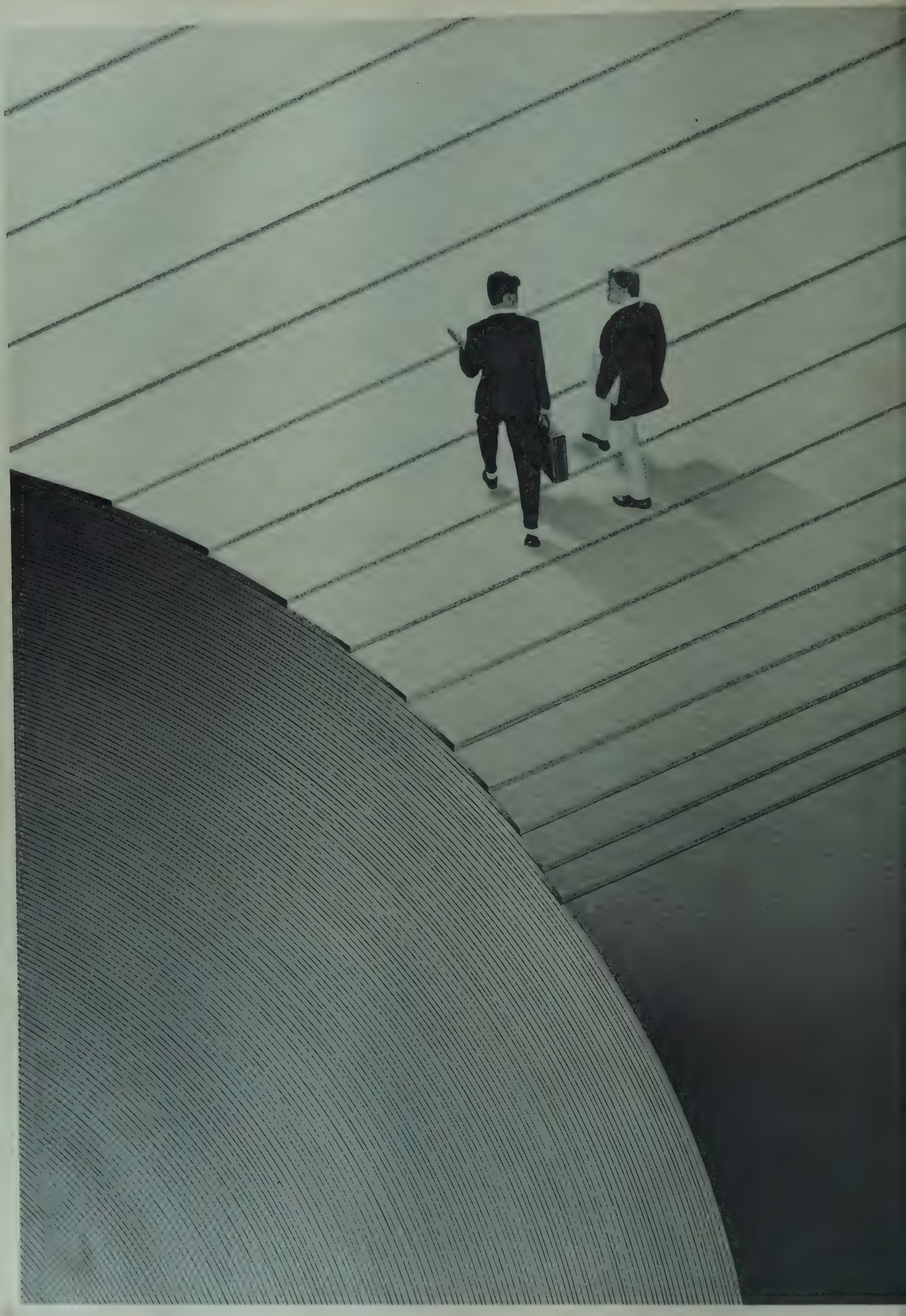
It is most unfortunate that in a country like India, a person of Mody's calibre is not considered fit enough to be given some higher responsibility, in the planning commission or steel ministry for example. Perhaps the government thinks that it is not its business to take on qualified businesspersons into the business of governing India.

Amit Chatterjee
Jamshedpur

ADVENTURE VENTURE

Kudos to *BW* for publishing a useful management article 'Learning through adventure' (*BW* 31 July-13 August) for budding executives. I'm sure Indian organisations will really do well if they take to adventure learning. The concept, however, will take some time to catch on in the corporate world.

A. Ramaswamy
Madurai



ON TO AN EVEN MORE DEMANDING FUTURE WITH A NEW NAME

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Bhadrachalam - The Company promoted by ITC 15 years ago. The Company that set an illustrious example for India's paper industry with its trailblazing performance... is now set to meet the challenges of an even more demanding future.

To symbolize the new thrust for the 90's and to reflect its close, natural bond with ITC, the Company will henceforth be called "ITC BHADRACHALAM PAPERBOARDS LIMITED". A fruitful, mature togetherness! A name that signifies deep commitment to meet the growing needs of domestic and international markets.

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ITC BHADRACHALAM: A NEW NAME TO LIVE UP TO!

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BESTING THE BIG BRANDS

MUHAMED MUNEER C.P.



Liberalisation and the end of the 'licence raj' is likely to see an era of razor sharp competition. In the race for a share of the customers' mind many an Indian David may lose out against national and multinational Goliaths. Here is a battleplan for the Davids to fight the Goliaths in their respective industry segments.

For a smaller-share company (David) it is almost impossible today to substantially increase its marketshare, especially in an established market. For, much of this increase will have to come at the expense of the industry leader — something which is easier said than done.

Besides, the average Indian David is bound to face a dilemma. Let's suppose that a smaller share firm becomes aggressive and really makes inroads into the market, after gnawing away at Goliath's share. Goliath is not going to sit back; it is bound to strike back — and with vengeance. This, in all probability, will result in David losing much of the gain in share, not to mention the additional loss of heavy marketing expenses.

On the other hand, if a smaller-share firm remains inactive for a long time, the market leader will move from strength to strength, and consolidate its position thus getting a firm perch in the customer's mind. Moreover, it may gain 'experience curve effects' and accumulate good financial returns.

This dilemma can be overcome by marketers by evaluating the proposed expansion plans. They will do better if they examine whether three conditions (mentioned in the course of this article) apply to their proposed product expansion strategies. These three conditions will have a strong influence on the subsequent marketing strategies. If a firm can achieve at least two of these conditions, there is a good chance that the marketing efforts will be fruitful. If all the three conditions are satisfied, the firm need not look back; it is all set to conquer the market!

Newcomers in a market segment need not fear. A little bit of strategy, and even the giants will concede territory

To get to the conditions, the Davids can ask some questions. The first of these is:

Condition 1: Do we have a 'significant' product difference?

Here, technical differences are not the consideration. These are unimportant. The important thing is the differences consumers perceive. For example, a product is not guaranteed success in the marketplace just because it is technically different and protected by a patent. Take the case of Great Shake, the tetrapak soft drink Godrej introduced. Here was a product which was technically different. But it met with an early death as consumers did not perceive the difference as a useful one.

Yet, products which have no technical differences have succeeded because their differences were significant in ways considered meaningful by consumers. The Godrej Puf refrigerators achieved phenomenal success thanks to the company's tomtomming of the Puf advantage. Godrej's marketshare climbed up considerably against Kelvinator's. While all refrigerators have Puf, according to the consumer only Godrej has it, which made all the difference.

Product differentiation can be done through many ways. To pick out a unique selling proposition (USP), the Davids can ask themselves the following questions:

□ Quality-wise, will the target customers perceive our product to be a significant improvement over the competitors'?

Even if the product with the new strategy is not a new form of an already existing product, it can be meaningfully different to certain target markets if it is of a higher quality than the competitor's products. In the highly-competitive refrigerator market, Voltas was found to be gaining good marketshares at Godrej's expense just because of the perceived superior quality of the former's fridges. This was despite the higher price tags Voltas' fridges sported.

□ Is our product a new form of products currently available? Will the new product be considered physically different with important new attributes?

The recent launch of a liquid soap was successful because here was a product which has physically different characteristics — liquid form and a convenient dispenser. The messy soap dishes can thus be thrown out.

□ Are we offering a significantly lower price for our product whose quality is at par with those already existing in the market?

If a product does not offer better quality, a lower price can make a parity product meaningfully different — but only if the market appreciates the improved value. In short, giving more value for the customer's money. Stencil Apparel did this successfully by offering the lowest price for one of the highest-quality shirts in the market. When one cannot offer a better quality, increasing quantity for the same price may also be a good idea. Thums Up changed the entire soft drink marketing ballgame by increasing the bottle size from 200 ml to 250 ml without hiking the price. On the other hand, Campa Cola expanded this idea to 300 ml along with a hike in price and flopped miserably.

□ Will the target market come to use the product brandname almost interchangeably

GODREJ'S SOYA SOFT DRINK: *No perceivable superiority*



with the product category?

Sometimes a product can attain a long-lived, meaningful difference even without having the advantage of a sophisticated new form or any technological superiority. Cadbury's chocolate and Amul milk powder are interchangeably known for a product category and a brand. Many people ask for a Cadbury when what they actually want is any chocolate.

Condition 2: Do we encounter little or no response from competitors?

Even if one has only a moderate product advantage, the strategy can still be successful if the competition is non-existent or weak. The Davids should analyse competitive response closely:

□ Check whether the marketing mix in the proposed strategy is significantly different from that traditionally adopted by the competition.

If a David makes an effective change in its marketing mix compared to the industry tradition, it may create a difference that competitors will not be able to duplicate immediately. There are three reasons for this: (a) Competitors will look at it as outlandish with sarcasm and pity. They will think that it will not click. (b) Traditional thinking cannot be removed quickly. (Think of Levers with its late response to Nirma.) (c) It may not be possible for the competition to change marketing mixes without huge expenses.



THE VELVETTE SACHETS: *A packaging success*

The phenomenal success of Nirma which took it into Harvard case books was attributed to its unique marketing mix strategy. Karsanbhai Patel's washing powder was priced the lowest, distributed through small retailers and was advertised heavily. The company created a false demand by undersupplying its retailers. They also sold direct to the customer.

□ Check whether the strategy is targeted at a relatively small segment which is still in its early growth stage.

A smaller-share company will do well in the market by establishing itself in a segment that is either unnoticed or too small to attract the attention of important competitors. Hopefully, for the company, this segment may grow.

GTC launched two cigarettes with this strategy in mind — Ms for the woman smoker and Legend, a low-nicotine brand for the health-conscious smoker. Though the former segment really did not take off (women seemed to prefer men's brands), the latter one may hopefully help the company regain some of its lost marketshares and profits.

□ Check whether key competitors have a history of aggressive marketing in the concerned market.

Think again about the detergent war between Nirma and Levers and the former's phenomenal growth. Levers' Surf controlled a bigger chunk of this market and so Nirma's aggressive launch did not bother the MNC. This minimal response helped Nirma grab a near-60% share of the washing powder market. The delayed response from Levers resulted in the marketplace getting flooded with an array of detergents and washing powders. Now Nirma is feeling the pressure.

□ Check whether the expected marketshare gain will come from taking a little share from each of the many brands existing in the market.

Velvette shampoo with its unique packaging, lower prices, and sachets attracted users of other brands. The company used the slow and steady approach, gaining shares at a snail's pace. Another example is that of Nivea which also progressed slowly.

□ Check whether the product is differentiated in some way so that competitors will be reluctant to attack aggressively. Balsara Hygiene Products' Promise toothpaste (with clove oil as a USP) bested Levers' Close-Up to get to the No 2 position in the highly-competitive toothpaste market. (Since then, Close-Up has regained its No 2 perch.) In such situations, established competitors will find it difficult to react quickly because: (a) the David's technology may not be available to them and so they cannot bring an immediate change; (b) feared cannibalisation of their existing product line. Thus, positioning will help in minimising any threat from competitors.

Condition 3: Do we have a unique and effective advantage in distribution?

Early success achieved by a David may not be sustained for long because established competitors will be more successful in counter attacking. One way to secure the newly-gained position of the smaller-share company is to strengthen its distribution system. For this, managers must ask two questions:

□ Is our product distributed directly?

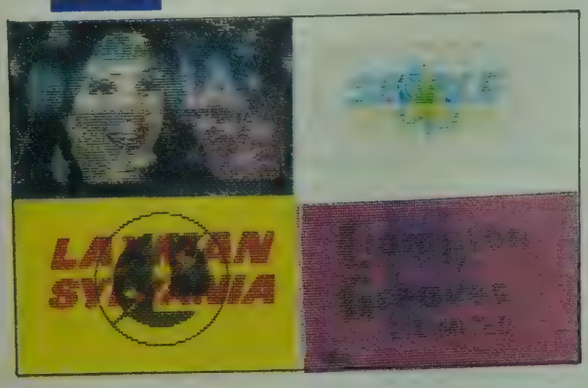
Distribute directly to the retailers or even approach the customers directly through salesmen/agents. In this manner a David can deter competitors from weakening its products' availability and visibility. One reason for the success of 'Cease Fire' fire extinguishers is its unique distribution system. They had only direct salesmen. No retailers were there to sell the firefighters. Competitors can hardly do anything under such circumstances.

□ Are we offering a full and broad product line to the distributor?

Most distributors prefer a broad product line as this would bring in more moolah and, consequently, their loyalty also will be high. A full line makes a competitor's entry very difficult. Initially, Park Avenue from Raymonds brought out one or two items in the men's toiletry range, but met with a lukewarm response since other better products were around. When it launched an entire range of men's toiletries/wardrobe, its cash registers began ringing. Surveys showed that this was a major reason for its success. Dealers were extremely happy because of the margin and full range.

All these strategic marketing steps look good on paper. Going all out to take on a Goliath is, however, a real challenge for a David. But as history has shown — the Davids too can win.

• *The author is the managing partner of a consultancy firm in Kerala.*



STICKING OUT

Last year, it was hologram stickers which were launched in a bid to put a spoke in to pilferers' plans. Now, the latter are in for even stickier times with the advent of two-dimensional stickers which are being promoted hard and fast. Duplicators and counterfeiters are thus marked men.

Explains Kavishka 3 Dimension Pictures managing director Sudhir Choksey: "The two dimensional effect (which means two different images when viewed from different angles) of the stickers is lost when any attempt is made to remove them in order to tamper with the contents (of the package)." So, explains Choksey, these stickers can be used as an identification mark for any product.

And since Kavishka is the only company in the country to produce these stickers, only genuine products will carry them. Anyone who tries to duplicate or counterfeit a product will be unable to produce these stickers because of the lack of technology; hence the consumer will realise that the product (without the sticker) is not genuine. And Choksey has the price advantage over hologram stickers on his side. Says he: "My stickers are five times cheaper than the hologram variety."

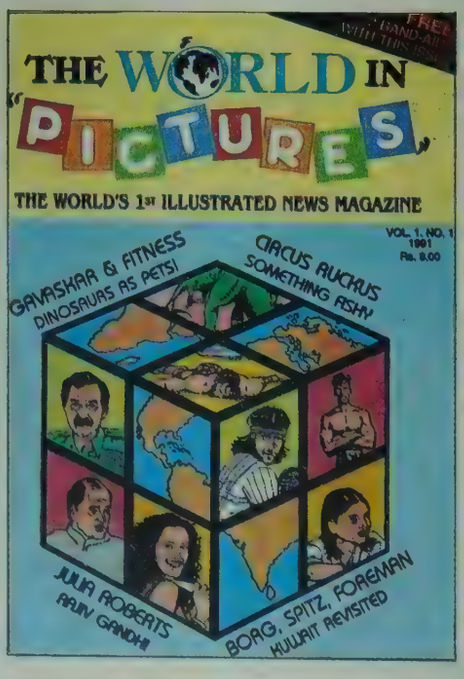
Kavishka is producing the stickers in collaboration with the Hongkong-based Top Print, the only other company in the world to produce two-dimensional pilfer-proof stickers.

The stickers can be used on different surfaces like steel, glass, PET (polyethylene terephthalate), paper, cardboard and the like. At present, Kavishka is producing 20 lakh stickers per month. It plans to increase the production to 35-45 lakh within the next two years. The company is also trying to develop an automatic dispensing machine which will do away with the need to paste the stickers manually.

Choksey, for one, is confident his plans won't come unstuck.

COMIC NEWS!

A picture is worth a thousand words is an old saw. And 25-year-old Shakir Ebrahim is hoping it will come true in his case. On 3 September Ebrahim launched what he claims is the "world's first illustrated news magazine" in Bombay. Titled *The World in Pictures*, the magazine is aimed at kids who want to keep abreast of the latest news but are averse to reading newspapers. Ebrahim has found an easy way out for them: he has couched the information in a format that kids love to read — the comic book.



Priced at Rs 8 for a 40-page monthly issue, *The World in Pictures* is divided into various sections: national and international news events; sports; entertainment; wildlife and environment; health, beauty and fitness; science, technology and computers; and education, travel and human-interest topics.

Ebrahim has two illustrators on his team while the scripting is done by freelancers. And he, himself, selects the topics to be covered from various newspapers and magazines. The fact that *Target, Twinkle* and *Amar Chitra Katha* found the going tough in the market doesn't faze Ebrahim in the least. Says he: "Ours is a different concept."

And he is going all out to woo the kids. He has launched a marketing campaign in 50 schools in Bombay, putting up banners, distributing school labels, pamphlets addressed to parents, subscription offers and what have you. By the end of the year, he plans to cover the major cities.

At present, the magazine is available in 25 towns and cities and once the moolah starts rolling, Ebrahim plans to even go vernacular.

A CAMPAIGN ROYALE

Asian Paints is numero uno in several categories in the paints business. But one place where it holds a poor fourth spot is in the premium segment with one of its brands: Royale. No more. The Rs 355 crore company is churning up plans to brush up its Royale showing.

A little bit of background first. A luxury acrylic emulsion, targeted at the upmarket consumer, Royale was launched early last year. Asian Paints product executive K.S. Narayanan gives the reasons why. Says he: "The paint market has a pyramidal structure. While distempers occupy the broad base, acrylic emulsions occupy the middle (medium) section and the top, narrow and smallest portion, is the premium segment — which has the fastest growth rate."

Even so, the Royale entry came rather late in the day — all the other majors had already introduced their brands. The upshot: the first three berths in this segment are occupied by Velvet Touch (ICI), Luxor Silk (Berger Paints) and Special Effects (Jenson & Nicholson), in that order.

But Asian Paints wants to change that. Says Narayanan: "We have just started full-fledged advertising. By March 1992 we expect Royale to occupy at least the second position," ... so Velvet Touch & Co may well lose their touch. Besides advertising, Narayanan is confident that Royale



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scores over the others on quality. "The better product quality is supposed to give a better, smooth finish and uniform glow," says Narayanan.

However, much of Royale's success will depend on whether the Nawab of Pataudi, who features in the Royale ad, has a colourful innings.

BREAKING NEW GROUND

There's a great deal of stargazing going on at the Gramophone Co of India (GCI) these days. Now that the company is no longer making losses, the management team led by Sumantra Banerjee and Pradip Chanda is actively scanning the creative firmament for latent talent.

For the first time in the Indian music industry, new talent is to be actively launched and marketed. GCI plans a series of concert presentations where the artistes in question will render live performances of the albums being released. Recently, GCI organised its first live show in this series when Kakoli Sengupta's *Calcutta Rhythm* was launched in that city.

An interesting aspect of this exercise is that GCI's new artistes will be marketed under a brand new 'rising star' logo and not under the company's established HMV label. The latter, one understands, will be reserved for the exclusive use of GCI's established repertoire. To reinforce the HMV label's upmarket connotation, it is now being embellished with the RPG Enterprises group logo as well.

In India, albums have been marketed so far solely on the artistes' name and fame. By trying to market music by brandlabel, GCI is breaking new ground.

MORE ON INDIA

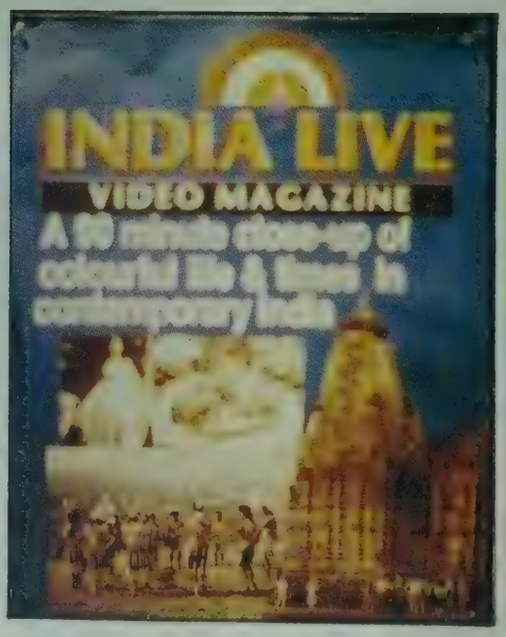
They call it *India Live* — but it's not for those who live in India. Rather, it is the burgeoning non-resident Indian (NRI) community — the target audience — which will be privy to this 90-minute video magazine.

Says chief of marketing for *India Live* S.N. Sardana: "We are a group of media-men who decided to respond to the need for a video magazine for NRIs. Most of them want something besides 'news' about India."

The magazine includes features on lifestyle, fashion, films, investment, travel and cuisine. Besides, there are short clips of happenings among the big UK Indian community.

Priced at £7 apiece, *Indic Live* was launched in London last month where Sardana claims to have sold 2,000 copies of the first issue! And his next stop is Africa. "We are aiming for a target of 10,000 copies," says Sardana.

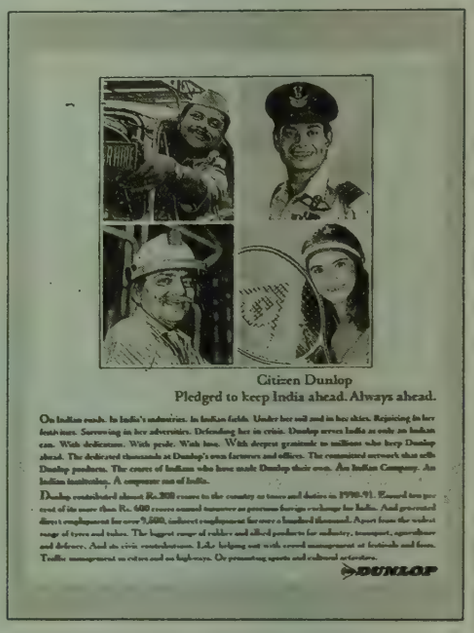
Can India live up to his expectations?



INDIA'S DUNLOP

An infusion of the heady spirit of nationalism, it seems, has induced Dunlop to unleash a series of patriotic advertisements. Thus "Citizen Dunlop," along with the baseline "pledged to keep India ahead, always ahead" has been hitting newspapers with striking regularity. The new baseline is a patriotic souped-up version of the earlier "Dunlop is Dunlop, always ahead," impresarioed by Calcutta-based Campaign Advertising Services (capitalised billing Rs 2.5 crore). The series portrays four faces of the 21st century Indian: the insouciant taxi-driver; the dashing pilot; the astute engineer; the vivacious games person, while the fifth is an encapsulation of them all. However, in keeping with the adage that excess nationalism is bad business, each ad is suffixed by a blurb on Dunlop's all-pervasive role in society — "It was Dunlop who introduced the technology for spiral re-inforced PVC agricultural hoses" to "Dunlop contributed almost Rs 200 crore as taxes and duties in 1990-91."

"Dunlop is proud to call itself Indian, specially at this socio-economic point in time," maintains Campaign joint managing director Arunava Chakravorty. For the sceptics, Campaign has been associated with Dunlop for the past few years, and has designed advertisements for the company's all-India dealer network. "But never in such a big way," avers Chakravorty's colleague, Arun Chaudhuri. (The approximate billing for this corporate campaign should be around Rs 1.5 crore). But then say the two Aruns in unison: "Being a small and compact agency, we provide better service." The grapevine claims that Trikaya Grey and Clarion — two agencies associated with Dunlop's product ads — failed in their bids to clinch this corporate campaign.


Citizen Dunlop
Pledged to keep India ahead. Always ahead.

The ads, done in black and white to presumably distance them from the plebian splash of colour, will also be featured in the vernacular. Incidentally, the sports person is portrayed holding a Dunlop racquet — a subtle announcement of Dunlop's much tom-tommed entry into the arena of sports goods. But it remains to be seen if overt nationalism will keep the cash register's ringing.

ALL UNDER ONE ROOF

An NRI Venture

YOU & WE BUILD A FORT



Manufacturers of tobacco products, toiletries and processed foods will, for the first time, have **one source** for flexible packaging materials which will be metallized, coated, laminated and printed – all under one roof. Putting an end to rushing from place to place.

The world-class quality of its flexible packaging will be just what all the users are looking for. **Packing in** all the goodness, fresh flavour and taste while **locking out** moisture, oxygen, fumes and light. Offering a truly versatile product range in flexible packaging. The plant is also geared for producing costume gold and silver zari extensively used for sarees and dresses.

The strategically located **3200 tpa** project, set up at Aurangabad, Maharashtra, at a capital outlay of Rs.28.74 crores, incorporates plant and machinery imported from Cerutti and Galileo of Italy and Titan of UK.

The Company has been promoted by Mr Vinod Jhunjhunwala, an NRI based at Los Angeles, USA and Mr Vimal Kumar Jhunjhunwala in India. With a growing market and the encouragement extended to the packaging industry by the Ministry of Food Processing, **Uvifort** is all set to give the flexible packaging user industry a quantum leap forward. Giving the venture a future packed with potential.

UVIFORT METALLIZERS LTD

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Works : B73 MIDC Waluj, Aurangabad 431 133

A future packed with potential

PRESSMAN

THE REPELLENT ATTRACTION

The battle, today, is a bit confused. While almost all the warriors in the Rs 100 crore-odd mosquito repellent market will more than acknowledge the never-say-die species as their common enemy, another war, with its own share of bloodletting, is providing action of a different kind. And in this war, not more than a couple of Knights have come good; most of the others have either been off-target, with their sweet dreams all but going up in smoke, or have been simply banished from the frontline.

Yet no one's willing to surrender. In the Rs 50 crore electronic repellent battlefield, there are no less than 30 players eager to taste blood. Of these, one major towers above the rest — Transelektra Domestic Products (TEDP), the maker of Good Knight, with over 60% of the electronic repellent market in the bag. "When you enter first, you try to remain there," says TEDP advisor (group communications) Dev Nadkarni. Most of the others have, however, been pinned to the mat since their entry into this arena.

"There are no profit margins worth talking about in this business. Besides, the money market is tight," says Rajkumar Tainwala, director of Tainwala Chemicals & Plastics, the maker of Casper. Concur development officers (consumer products) Amarjeet Sharma and Atin K. Saha of National Organic Chemical Industries (Nocil), the first giant to step into the fray with its Six-to-Six brand: "The electronic repellent industry is import-intensive. The duty on the import of allethrin (the key chemical used in the mat) is 115%." And Vinod Dadhia, director of Synthiko Exports, a marginal player with Sweet Dreams, complains: "The government regards mats as a luxury item. With duties so high, there is no profitability."

However, TEDP doesn't seem to be complaining too much. With a 30% slice of the total repellent market, it needn't. And the company attributes two reasons for Good Knight's success: quality and marketing. Says Nadkarni: "Most of the others suffer in quality. He goes on to explain, "When the mat is fixed in the machine, there is a certain rate at which the chemical is to be evaporated. We manage to maintain the most uniform rate."

Distribution is another of Good Knight's fortes. Says Tainwala, "They (Good Knight) are well-spread all over the country." He, however, laments that his market is limited. Says he, "This year I plan to concentrate on distribution." At present, Casper is visible mainly in the metros where Tainwala claims to be running a close second to Good Knight. Having roped in a former TEDP marketing manager, he is now hoping to up his share to 12% in two years from the current 5%.

Another factor which plays a significant part in ensuring success is advertising. Says Nadkarni: "Jet (the all-India No 2 with a 12% share) is doing well thanks to it being a big advertiser." And Tainwala claims the annual Casper ad splurge is over Rs 50 lakh. Good Knight's ad budget last year, says Nadkarni, was Rs 90 lakh (Tainwala feels it is Rs 1.5 crore this year) while Nocil places its budget at Rs 60 lakh for the year (Tainwala says Rs 1 crore).

Nocil's Sharma expects to grab a 10% share of the Maharashtra and Tamil Nadu markets (where Six-to-Six has been launched so far) in a year. Tainwala, for one, isn't impressed. "Six-to-Six will not survive. It is living on reserve money." Sharma isn't too perturbed. "The electronic repellent market is growing at 25% annually. So there is scope for new players," says he.

Besides, of the entire Rs 100 crore repellent market, about half is split between Tortoise (30%), Baygon (13%) and Finit (4%). Elucidates Tainwala, "The use of Baygon and Finit is on the decrease. And this is the market Casper is gunning for. As for Tortoise, it once had a 70% share. It has come down to 30%." However, although Tortoise has been forced into its shell, there is a consensus that it will not burn out. Says Nocil's Sharma: "Coils are here to stay."

As for the chemical used in the mats — allethrin — all the mat-makers (but Casper) have a single source, that is Sumitomo of Japan. Says Nocil's Saha: "All the mats, according to the Insecticides Act, must have not more (or less) than 4% allethrin." Nadkarni opines that most of the smaller players have no licence from the Central Insecticides Board; "yet they have the audacity to advertise."

Tainwala harps on the fact that the chemical used in Casper mats (similar to allethrin) is made by Roussel of France — and he is the only mat-maker using it. Says he: "Allethrin is now 10 years old. So mosquitoes have developed a resistance to it." However, while the other players admit that the mosquito could have become allethrin-resistant, they say the chemical used by Casper is molecularly almost similar to allethrin.

Another claim which could make one sniff suspiciously is what Tainwala calls "aroma therapy." "Our mats come in five fragrances which help relieve stress and enjoy a relaxed night's sleep." But, as Nadkarni puts it: "It's no use enjoying a fragrance but yet being bitten." And Dadhia scoffs: "Casper is all gas.".

And so the skirmishes continue — especially among the bit players. Meanwhile, the mosquito lives on, bit players burgeon, and more people get bit.

□ Brian Carvalho





The mosquito repellent market has attracted a lot of players. However, very few have made it good

A STAR IS REBORN

Aruss Noorani won't talk figures. He cites half-a-dozen reasons for his curious phobia for statistics, one or two of which may have held some water 30 years ago. None of them makes much sense in this day or age, when even fiercely private companies aren't chary of disclosing revenues and bottomlines; but Zodiac isn't one of those.

Which is really a pity, since it takes some of the colour away from the story of the rise, fall and rise again of India's oldest readymades house.



Noorani: figure shrouded

It is an interesting story, nonetheless; one that students of marketing would do well to study. It's all about how to build a strong brand and let it stagnate, before rebuilding it, almost from scratch.

Zodiac (more precisely, the Zodiac group, because the Noorani family owns a wardrobe-full of small units) is now in the third stage of that saga; Noorani has been given the charge of bringing the brand back into the limelight, to compete with newcomers like Park Avenue, Louis Philippe, Van Heusen and Cliff. And he's working on a two-pronged strategy.

On one side, the group is rapidly expanding its chain of exclusive Zodiac shops. Fifty are in existence; more than half of them came up over the past few years.

At the same time, the group continues to add to its list of "customers" — shops where its products are sold alongside its competitors'. Noorani claims there are 2,000 such shops.

The expansion, pushed in tandem with an advertising splurge, has helped make the brand visible again, after a decade-long hibernation. But it is still quite a way from its pre-eminent status in the late seventies, when Zodiac was the first name that came to mind when anybody shopped for menswear.

Noorani doesn't see it that way. He admits that Zodiac may have slipped behind temporarily but insists that it is now back on top. He says the emergence of labels like Park Avenue and Louis Philippe hasn't affected the group. "Some of the new companies have been advertising heavily and making tall claims — but they don't come anywhere near us in actual sales." Since he refuses to quantify his own claims, you'll have to just take his word on that.

In any case, Noorani says most of his money comes in foreign exchange. "We export 30% of what we make." It is these export earnings that keep the group's bottomlines healthy. "We lose money in the domestic market... there are no margins... the more we sell, the more we lose."

Zodiac's expansion drive, in tandem with an advertising splurge, has helped make the brand visible again

And so, he says, does every other player in the business. It is apparently impossible to sell a shirt or trouser at profit in India. "The companies that are doing well subsidise their menswear with profits from other businesses — Raymonds subsidises Park Avenue, Madura Coats subsidises Louis Philippe and so on."

As for such exclusive outfits as Charagh Din and Benzer, Noorani dismisses these as "erstwhile tailors, who use remnants of fabric to patch together some shirts." Shops such as these have made menswear unprofitable for companies like Zodiac. "While we invest in state-of-the-art machinery, these people make their products in sweatshops. Our investment costs are much higher. And since these people have only one outlet each, they are able to keep two margins — the manufacturer's and the retailer's."

Fortunately for the serious players, a shakeout is at hand. Noorani believes that the rising demand for high-quality readymades will soon put the Benzers and Charagh Dins out of business.

Till such time, the Zodiac group will continue to subsidise domestic sales with export earnings. And there's a lot of dollars to be made. The recent devaluation has made Indian menswear more competitive than ever; profit margins have become juicier.

But exports are not all that Noorani has up his sleeve. The group is also moving aggressively into the lower reaches of the domestic menswear market with two lines of products under the brandnames "Slam" and "Globetrotters." Says Noorani: "These two brands are catering to the teenaged crowd; we're keeping the prices very low. In fact, Slam is competing with Fashion Street (a popular Bombay bazaar where export rejects are sold at ridiculously low prices)." These brands already account for 20% of the group's revenues in the domestic market. Five years down the line, they will account for 40% of sales.

By that time, Zodiac will be twice as big as it is today. Will the Nooranis, then, go public — with figures as well as equity? Not if Noorani has his way. "We don't need public money to grow; and we certainly don't have to reveal our financial data. That is our policy. If we wanted to, we could win a lot of export awards. We don't apply for them because that would require us to reveal our figures..."

□ Aparisim Ghosh

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PROFESSIONALS AS ENTREPRENEURS

OM PRAKASH KHETAN

The days when an entrepreneur could afford to run a firm all by himself are long gone. With business growing in complexity and size, an entrepreneur, if he is to achieve any measure of success, has to employ professional managers.

In a family enterprise, the entrepreneur may lack professional managerial knowledge, but he has a lifetime's commitment to the organisation. And after him this commitment is met by his children and thereafter his grandchildren. Therefore, the entrepreneur has the long-term interests of the firm at heart. He is willing to take short-term risks to ensure long-term gains.

IMMEDIATE REWARDS

The job of the professional manager, on the other hand, is of a transitory nature, and the rewards are immediate. I know of a well-known organisation where the chief had wanted a modification in the foundry for quite some time. But it was not working out. Then a bright young engineer joined the organisation and did the job in just a month. When this came to the chief's notice, he was very happy and gave a Rs 500 raise to the engineer on the spot.

However, punishments come equally fast. In the same organisation, senior managers were once discussing the annual increment policy. One bright personnel manager who had joined recently gave some new ideas based on scientific performance-appraisal methods which the chief did not like. When this enthusiast persisted in putting forward his ideas for the third time, the chief asked him to leave the meeting and wait in his room. After the meeting, the chief sacked the personnel manager.

Mainly because of this transitory and uncertain nature, the managerial profession suffers from some handicaps.

■ **Risk aversion.** In one of my assignments, when I was getting rough with people to improve their performance, an old-timer told me: "Sir, why are you doing all this? You will be in this job for 2-3 years only. Why are you breaking your head and taking unnecessary risks? Suppose you fail? You can't get a promotion much faster, but if you fail you will lose face and it may affect your career too."

■ **Careerism.** One category of professional managers, careerists, do incalculable harm to the organisation. These managers are extremely competent but their only aim is to rise up the organisational ladder, even at the expense of the organisation.

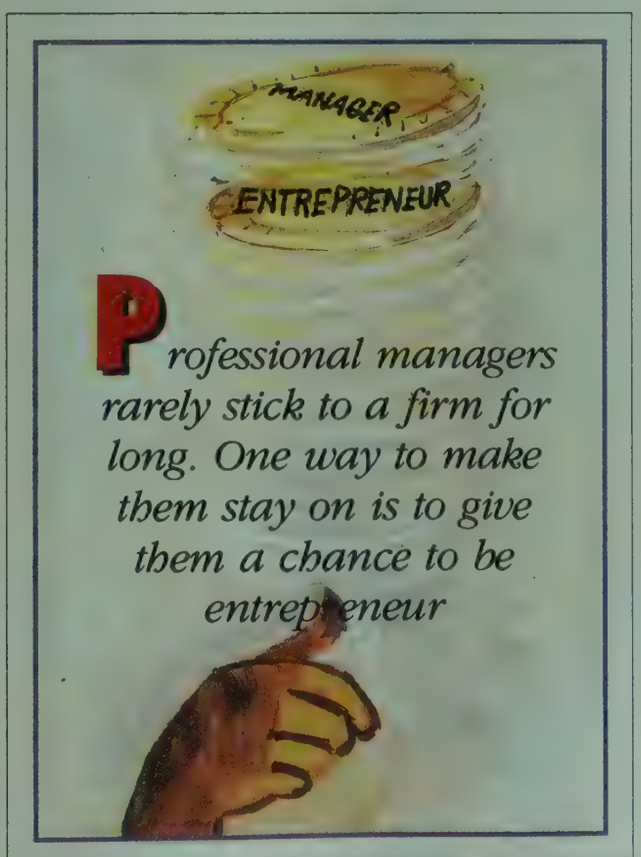
They are smooth talkers and do not rub anybody the wrong way, doing exactly what the boss tells them to do. They will not attempt anything which can fail, even if the very existence of the organisation depends on it. They also avoid taking the difficult track.



Careerists are just the opposite of entrepreneurs. You can well imagine the damage they cause to an organisation!

■ **Excessive analysing.** The other category of managers who stifle growth are the analysers and paralysers. They would like to personally examine every proposal to the last dot — whether it is a new investment policy or uniforms for company drivers — little realising the value of time and speed. As a result, while the analyser is still doing calculations, the *Lalaji* will be walking away with the letter of intent.

■ **Poor man-management.** Many professional managers avoid managing men even though it is an important function of the job. Managing sales or finance is all very well, but asking an employee why he is late or why his work is poor is another matter. Most give excuses and rationalise in various ways like: "I want to do it but unless others also do, it won't work." Or, "I can do it but there will be a confrontation with the union."

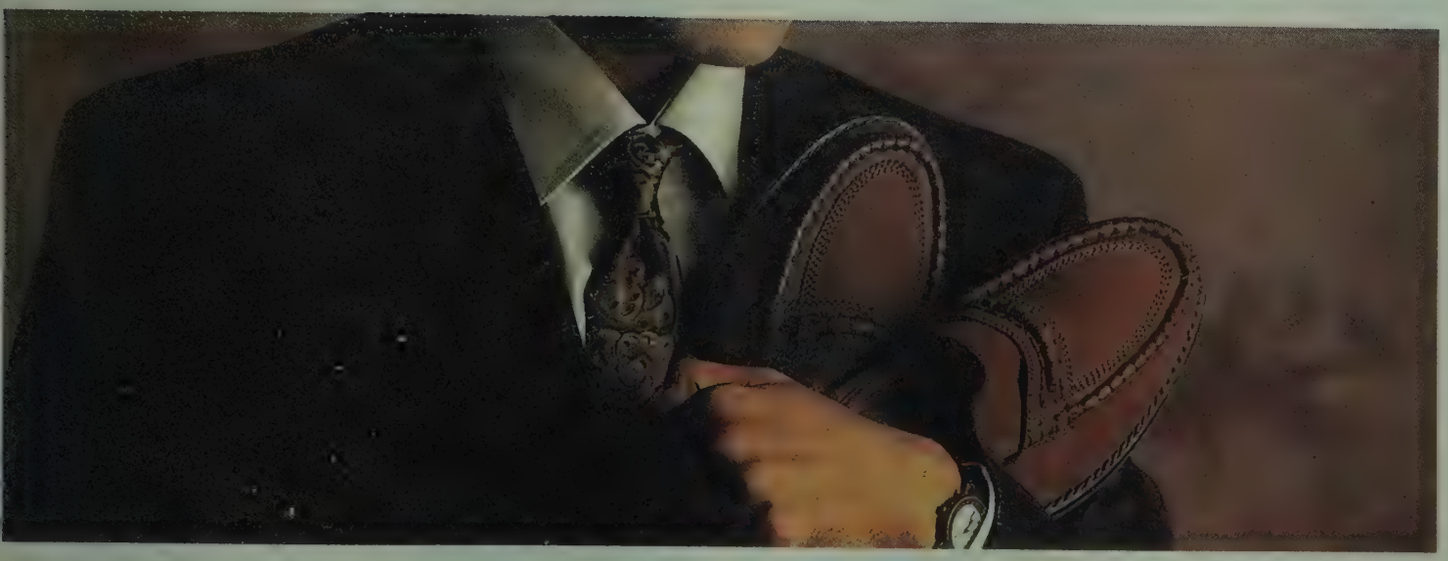


All said and done, the new breed of professional managers is definitely more knowledgeable and has tremendous potential But the aspirations of this group are also high. And if these are not fulfilled they have no hesitation in moving to another organisation and to yet another. They lack the crucial requirement for the success of any firm — long-term commitment. And the best way of ensuring this commitment is to find ways and means to convert a professional manager into an entrepreneur, thus reaping the benefits of the positive qualities of both groups.

Can we carve out small profit centres and cost centres for professional managers? Can we allow them freedom to take decisions to the same extent as entrepreneurs (that is, decision-making nearer the scene of action)? Can we allow them a share in the prosperity of their profit centres as well as a share in the hardships? While all this may not be possible, it is a step in the right direction. The more the steps we take in this direction, the more we succeed in making entrepreneurs out of our professional managers.

• *The author is the executive director of HRD Centre.*







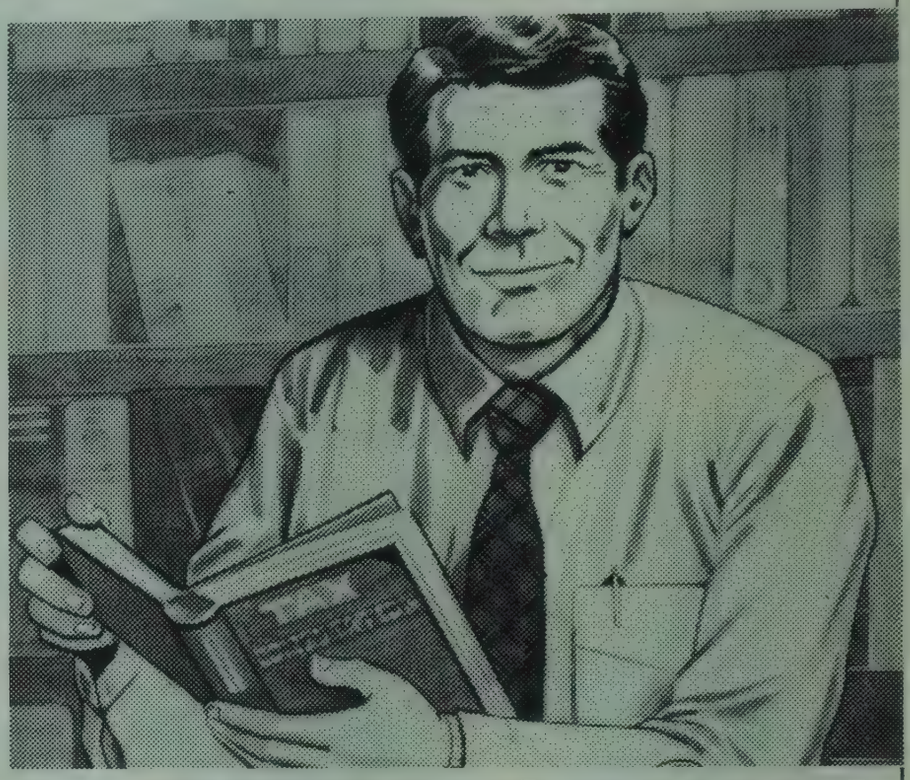
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MARKET LAUNCHES

Mahindra Engineering & Chemical Products, which introduced M-Seal epoxy putty not very long ago, has now come up with a new aesthetic version — M-Seal White. Unlike the earlier product, the putty turns white once the resin and hardener components are mixed.

The resin and hardener have been co-extruded into a single stick. This makes it easier to mix the putty and there is no need to cut the hardener and resin sticks separately. According to the company, the product can be used to seal leaking pipes and leaking car radiators, fix broken tiles and fill in dents on cars, among other things. M-Seal White is being introduced in a handy 50 gm pack.

Contact: Mahindra Engineering & Chemical Products, 145, Bombay-Poona Road, Pimpri, Pune 411 018. Tel: 82771, 83577. Telex: 0146-226.

Integrated circuits (ICs) have found their way into many common household appliances in the West. Now it's India's turn. New Delhi-based company Reiz Remote Controlled Systems is marketing an electronic fan regulator using an IC.

Based on the latest Japanese technology, the regulator is tailored for speed control of inductive loads like AC fan motors. According to the firm, field trials of the product over the past year, in which the regulators were subjected to extremely adverse voltage and load conditions, have borne out the sturdiness of the design.

The mechanical fitting is simple and the regulator can be screwed on by drilling two holes on any plate. The grey housing measures 40x40x35 mm and can be accomodated in most switch manufacturers' wall fittings.

Contact: Reiz Remote Controlled Systems, 106,Uday Park, New Delhi 110 049. Tel: 669802, 3010442. Telex: 31-72184 ALUX IN.

Ranbaxy Laboratories has introduced a pregnancy test kit using the Elisa (Enzyme-Linked Immuno Sorbent Assay) technology for the first time in India. The product, marketed under the brandname Precise 100, has been jointly developed by the R&D division of Ranbaxy and the National Institute of Immunology (NII).



The kit uses state-of-the-art technology which was introduced worldwide less than two years ago, claims the company. This six-minute technique can diagnose pregnancy on even the first day of the missed menstrual cycle with a high degree of accuracy. Precise 100 will be of great use to doctors, gynaecologists and diagnostic clinics. Identifying pregnancy at an early stage could be especially useful in the case of patients having an adverse pregnancy history.

Contact: Ranbaxy Laboratories, 19 Nehru Place, New Delhi 110 019. Tel: 6415522. Telex: 031-62110. Fax: (91-11) 6430633.

Another New Delhi company, Interroll (India), has developed a product to make moving things easier. Termed Omni Wheels, it is a directional conveying system with state-of-the-art technology.

Omni Wheels are made of nylon and aluminium and can be used in installations where goods have to be transferred or moved in all directions — for instance light cartons, press tools et al. They are corrosion-resistant and are well-suited for use in applications where dust and dirt may be present. A unique feature of these wheels is that they require no lubrication.

Contact: Interroll India, 17, Community Centre, Mayapuri Phase I, New Delhi 110 064. Tel: 531311/407. Telex: 031-76072 SMP IN. Fax: 011-504841.

Owners of livestock in rural areas have to often travel long distances to get proper medical treatment for their animals. As a result, animals suffering from infections are not brought back for repeat doses after the first injection.

Pfizer has come up with a new drug Terramycin/LA which attempts to tackle this problem. The product, an antibiotic, is a long-acting injectable solution. With its sustained release action, one injection of Terramycin/LA provides complete, effective and convenient antibiotic therapy and works for three-five days' duration.

Terramycin/LA is claimed to be the world's first truly long-acting antibiotic injection. This formulation has been proved to be effective in a wide range of infections of cattle, buffaloes, sheep, goats, pigs and poultry, claims the company.

Contact: Pfizer, Express Towers, Nariman Point, Bombay 400 021. Tel: 2022824.

GETTING BACK ON TRACK



A century of history has happened in India and around the world in the past couple of years, for that matter months. Changes, we could not have dreamt of, have taken place. But I often wonder whether we have learned from these experiences and these events. Are we any wiser? Have we reflected enough upon the meaning of these changes? Or, in the words of the French proverb, is it the case that the more things change, the more they are the same?

The most evident feature that strikes any Indian abroad, looking at his motherland, is the recent growth of terrorism. The toll of terrorism has deprived the country of two of its leaders. But the horror at great events about leading personalities should not conceal concern at the fate of lesser-known people. No Indian should be insensitive to the death by terrorism of thousands of ordinary citizens in recent years. I only hope that those in authority will be sensitive to these never-ending and dreadful tragedies.

Yet, terrorism is not only political. Economic terrorism has also wounded the country. What is economic terrorism? It is mismanagement, corruption, maladministration, favouritism and any other action that destroys our economy and its potential. There is no other name for it. Destruction of our economy destroys the hopes and aspirations of ordinary people. It destroys their faith in democracy. It destroys their future.

Look at the facts:

■ **First, the country's foreign debt has grown from $10 billion to $80 billion.**

Each year we have been borrowing an average $10 billion. What have we got to show for this? Only more interest payments and more capital repayments. Has our investment been wise and productive? Where are the results? Indeed, if we had just put this money in a bank (unless it were the Bank of Credit & Commerce International) we would be getting an annual income of $8 billion or so each year.

■ **Second, the rupee has declined from Rs 14 = £1 to Rs 43 = £1 in this time.**

There is a lot of talk these days about inspiring confidence, debts of honour and credibility. However, we must remember that a rapidly-depreciating currency is the fastest way to destroy confidence, honour and credibility. After all, all foreign holdings in India depreciated 18% in two days with the latest devaluation. If we have high future expectations from foreign investors, we will have to be more reassuring. Is it any surprise that non-resident Indians (NRIs) are taking their money away these days? Would any of you invest here if you lived abroad?

■ **Third, India's credit rating has dropped to BBB minus.**

From being a country for which international banks bent over backwards to lend money, we are now a country which banks do not want to know. Surely it should be a matter of dishonour for us that our credit rating is now well below that of a number of small, third-rate nations.

Even more sad is that all those who are responsible for this situation seem almost to be enjoying it. Otherwise how can they laud the rupee devaluation and praise a budget that has come straight out of an International Monetary Fund (IMF) textbook? Many are wondering whether an IMF-directed budget is some form of "new colonialism." If this is so, how and when do we liberate ourselves? Last time, there was Gandhiji. This time, how can we regain our economic independence once we lose it?

There is a lot of talk about liberalisation. It is spoken of as a divine remedy that has to take time to evolve. If we are really serious, it can be done in a week. We can start by selling, on the market, all government holdings in private companies. Then we can immediately review the performance and the membership of the boards of directors of public sector enterprises. Public sector enterprises are miserable economic animals. But the fault is not in the concept. The fault is in the mismanagement. Liberalisation is not only a state of policy, it is a state of mind.

It is sad that the very people who, eight years ago, destroyed the liberalisation programme begun by Indira Gandhi, are today hailing the virtues of liberalisation.

EXPORT FAILURE

Let me also say that Indian big business has failed the country abroad. Extensive concessions have been given to exporters in recent years. For whom are these concessions? Can many small businessmen take the benefit of export concessions? These concessions have been primarily for big business. Yet, our export performance has been dismal — especially exports of manufactured goods. Today, India's share of global exports is only one-fifth of what it was 40 years ago. In 1960, India's exports were over 1% of all world exports. Now India's exports are well below 0.5% of total world exports. In 30 years, we have become increasingly uncompetitive in global markets. Are we not ashamed to compare ourselves with Taiwan, South Korea, Hongkong and Singapore?

What is both sad and thought-provoking is that the small man continues to shoulder his burden bravely. There has been no major increase in lower-level wage rates nor any major outbreak of labour unrest.

There is an absence of leadership in the private sector. I speak of things like integrity, corporate democracy and putting national interest above personal profit

In agriculture, where big corporate interests are less significant, small-holders have done very well. We must all ask whether cutbacks on agricultural subsidies and concessions to industry mean more burdens on the small man and more relief for the bigger business interests.

What all this tells us is that India has enormous potential, but has failed to realise that potential. Why? There are two fundamental reasons:

- One: mismanagement of the economy by vested interests in recent years. This is no secret. All of us know it. Unless this is corrected, we are making a sham of our much-spoken-about democracy.
- Two: absence of leadership in the private sector. When I speak of leadership, I speak of things like integrity, corporate democracy, putting national interest above personal profit and giving shareholders a fair deal. It is, after all, the responsibility of the largest to provide an example and a vision for others to follow.

Without rancour, let me say this: it is very important to change the business culture in India. Changing rules and regulations is only a small part of it. Changing attitudes is most important. It is only personal example in public life, together with effective enforcement, that can bring this about. Unless it is brought about, changing pillows will not cure the headache!

How to go about this? I was amused to read a recent interview given by the finance minister in which he said: "In many ways we have a functionless capitalism in our country. People can make a lot of money without any concern for technical progress, quality and cost reduction. As a result, industries have become sick but industrialists have flourished. We must move towards a rule-based competitive economy and not a deal-based economy."

These were my words in 1983. All I can say is, better late than never.

IMPORTANCE OF INTEGRITY

India needs all its well-wishers and friends. They have to be brought into the lifeblood of the country. Let us work on it. I said in 1983 that the best technology I could transfer was integrity. This is more true today than ever before.

I might add that these thoughts are provoked by sadness but not by anger. After all, missed opportunities and mismanagement affect every one of us, at home and abroad. If we want to reduce social tensions and avoid possible political disaster, we must put our economic house in order.

Let us remember the warning of the great composer Menotti. When asked to define 'hell' he replied: "Things done too late." All I can plead for is that we must not go to hell.

□ Swraj Paul

The author is a non-resident Indian industrialist.

We must remember that a rapidly-depreciating currency is the fastest way to destroy confidence, honour and credibility

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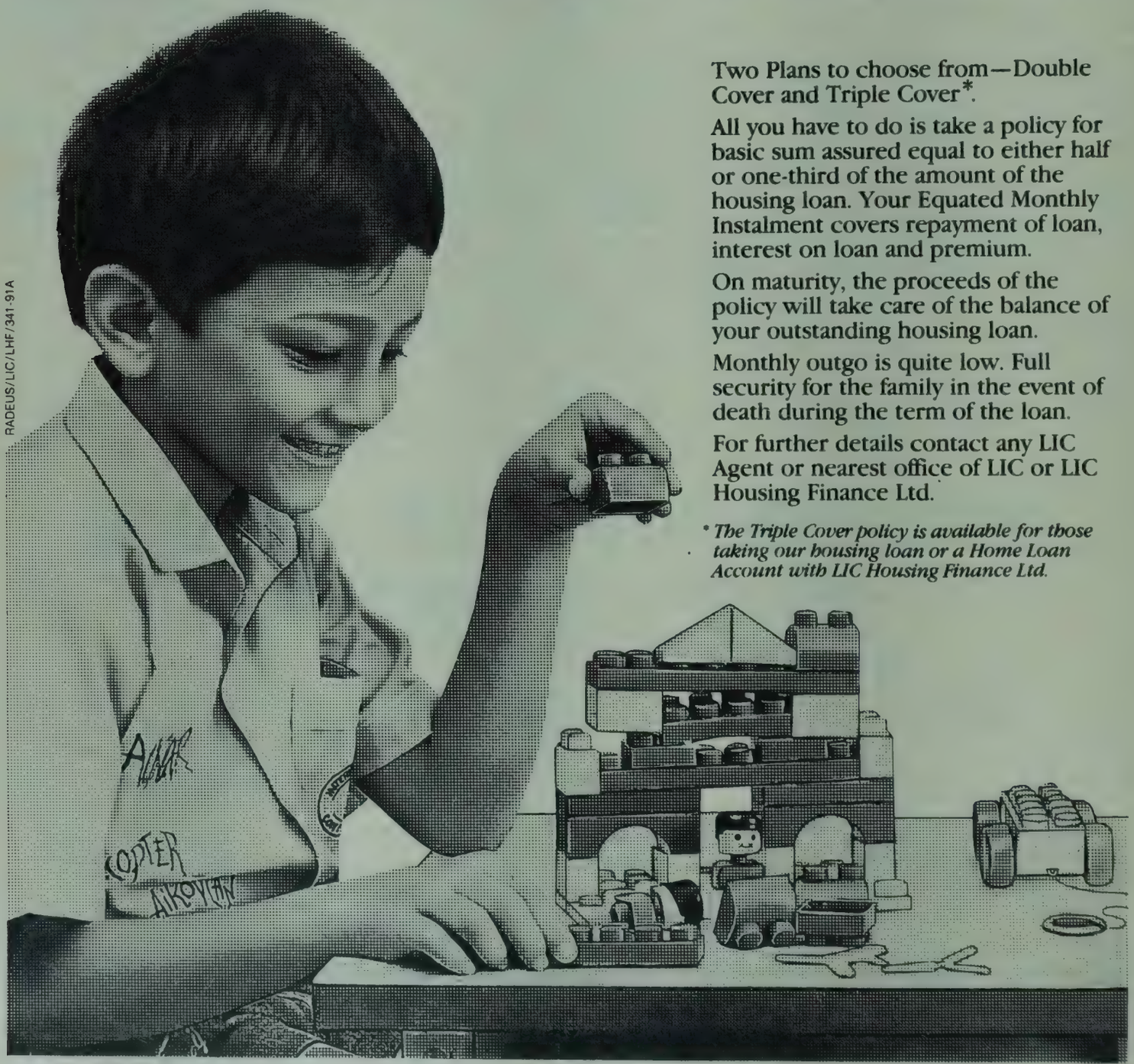
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Under the new policy, the provision under s.80-O of the Income-Tax Act (ITA) 1961 for deduction of 50% of technical service fees, commission and royalty earned by an Indian company for providing technical knowhow or any information pertaining to industrial, commercial or scientific knowledge, experience or skill, is sought to be made available even to individuals and partnership firms.

This provision is subject to the agreement being approved by the chief commissioner of income-tax and the foreign exchange (forex) being brought to India within six months from the end of the accounting year. Hence, Indian technical consultants will now be entitled to the 50% exemption on any remuneration earned in forex for providing knowhow or information to a foreign firm.

The Central Board of Direct Taxes (CBDT), in its guidelines for the purposes of s.80-O, says:

- An agreement, which the board feels is not bonafide and genuine and is a collusive arrangement for abuse of the tax concession, will not be approved.
- Information concerning industrial, commercial or scientific knowledge, experience or skill should not be merely of a statistical type collected or collated but that possessed or developed by the Indian party. Information regarding trade enquiries or reports of credit or tradeworthiness in individual cases will not qualify.
- The technical services should relate to productive fields (mining, electricity generation, for example). Services relating to management, organisation, sales, finance and accounts will disqualify. As will technical services rendered or to be rendered in India.
- Agreements for recruitment of technical personnel from India for service outside will not be eligible for approval.
- Agreements providing for participation in business or management operations abroad in return for a specified percentage of commission or profit will not be eligible.

These guidelines are, however, merely illustrative and not exhaustive. They may be modified or supplemented in the light of cases which come for approval.

In the case of *Ghai Lamba Catering Consultants vs CBDT* (124 *ITR* 301), the Delhi high court held that a joint venture agreement would not be covered under the provisions of s.80-O. Here, the assessee entered into an agreement with a British company, GLR Ltd, whereby the assessee and two of its directors were to promote an English company. In order to carry out their duties well, they were to have a say in major policy matters of the English company. The latter agreed to pay 20% of the annual net profits to the former. The Indian assessee had a 32% share in the capital investment made by the English company.

The CBDT refused to give approval. It said that the agreement was in the nature of a joint venture; services to be rendered were not those contemplated by s.80-O, and, the capital investment was made so as to have a say in the English company.



The court held that the assessee's main function was to manage and run the restaurants and, in return the Indian company was entitled to a percentage of the profits. Besides, the agreement did not state what type of technical services were to be rendered by the Indian company. The court held that the petitioner-company was entitled to dividends on its shareholding, in addition to a fee of 25% of the annual net profits. Hence, these could not be termed as royalty, commission, fee or any similar payment.

As commercial services are also eligible for this benefit, Indian organisations specialising in computer and statistical services should claim the benefit where services are provided outside India and the fees earned therefrom.

An interesting case in this regard is *E.P.W. Da Costa vs Union of India* (121 *ITR* 751), where the assessee, a director of the Indian Institute of Public Opinion (IIPO) entered into an agreement with the British Broadcasting Corp (BBC) to undertake an audience research study in the Hindi-speaking areas of India. IIPO also agreed to use the technical knowledge to advise on questionnaire preparation and to analyse the findings. The CBDT refused to give approval. It said that as the research was conducted in the country, the services were rendered in India, and the information supplied was not of the type contemplated by s.80-O. Thereupon, IIPO, in a writ petition, sought relief under s.80-O for fees received from BBC for use of the information outside India. Its contention was that BBC used the information for planning programmes.

The Delhi high court held that the study was scientific knowledge and as BBC was a commercial corporation engaged in dissemination of information, it required the said study. The court quashed the earlier order of the CBDT and held that the company was entitled to the benefit of s.80-O.

In conclusion, doubtless, the government has made the right move in extending the s.80-O benefit to non-corporate tax-payers. Besides, Indian professionals will also now be entitled to exim scrips in respect of the forex earned by them. Hence, the new policy will also help the country earn more forex.

• *The author is a Bombay-based advocate.*

Extending the s.80-O benefit to non-corporate tax-payers is a right move





Speech by Shri Y.R. Ghorpade, Chairman, The Sandur Manganese & Iron Ores Limited at the Thirty-seventh Annual General Meeting held on 16th September 1991.

Ladies and Gentlemen,

I extend to you all a very cordial welcome to the Thirty-seventh Annual General Meeting of the Company.

This is a testing time for India. Our former Prime Minister Shri Rajiv Gandhi lived and died for the unity and integrity of our country. He wanted India to be strong and resilient to step into the twenty-first century with confidence and commitment to our time-tested ideals. Many far-reaching changes are taking place on the economic front which will succeed to the extent to which we act in unison and in full awareness of our common heritage and universal human values, rising above all distinctions of caste and creed. In recent years we have witnessed upheavals and struggles in different parts of the world for more democratic rights and opportunities. We, in India, are fortunate to have developed democratically for over four decades, thanks to the vision and dedication of our great national leaders and the united effort of our people. At a time when external and internal forces are trying to undermine our peace and progress, we have to further strengthen our democratic system to the grass-roots level. It is a matter of pride that our Sandur Company (SMIORE), has been able to contribute significantly to the prosperity and quality of life in this area for nearly four decades and is poised to further expand the scope of its socio-economic activities in the years to come.

Power

The monsoons have been good this year. The reservoirs are full and the prospects of power supply are encouraging in Karnataka. Making adequate power available to power-intensive industries should not present a problem. However, it is equally important to make power available to such industries at a rate which is reasonable and stable. This rate should, no doubt, be linked to the cost of generation of power, but should not be burdened with the cost of subsidising power supply to other sectors and avoidable inefficiency in distribution. The monthly power bill of SMIORE at present is of the order of Rs. 2.50 crores. SMIORE has always attached the greatest importance to prompt payment for the power it consumes. However, during the period December 1981 to March 1987, as a consequence of the State Government's unilateral abrogation of our agreement with the Karnataka Electricity Board (KEB), SMIORE had to incur heavy losses but had been paying KEB according to the power rates ordered by the court, and even this difference between court order and tariff rates amounting to Rs. 6 crores in 5 years has also been completely paid without prejudice to our case in court. The KEB is not justified in claiming any penal interest or adjusting to it amounts paid by the Company and showing increasing arrears as due from the Company. There is another pending legal dispute with the KEB with regard to the year from which the concessional state duty became operative for a period of twelve years for our ferrosilicon furnaces which commenced production in 1977. It is our contention that the concessional duty became applicable to the Company for a period of twelve years from 1977 upto March 1989, and not only upto March 1984 as claimed by the KEB, the difference amounting to Rs. 4 crores. Barring these two disputes, where the courts have issued stay orders in favour of the Company, SMIORE has had a harmonious relationship with the KEB.

Performance

In spite of these and other difficulties, the Company's performance in 1990-91 has been good. The profit for the year is Rs. 14.70 crores after interest of about Rs. 2 crores and depreciation of Rs. 1.20 crores, based on a turnover of Rs. 93 crores and production of 35,300 tons of ferromanganese, 8,800 tons of silicomanganese and 13,700 tons of ferrosilicon at the Metal and Ferro Alloys Plant and 212,000 tons of manganese ore at the Mines. It is a matter of satisfaction that once again after eight years the Company has been able to declare a dividend of 25 percent for the year 1990-91.

Mines

It is significant that our Mines at Deogiri have been able to supply about 80,000 tons of manganese ore of the required Mn:Fe ratio to our M & FA Plant at Vyasanakere, near Hospet, apart from export of 70,000 tons of ferrogenous manganese ores and domestic sale of 50,000 tons mostly to ferroalloy producers. This has been achieved by concerted effort and commendable cooperation between management and labour, who have the benefit of a progressive incentive system which enables them to earn much more than the statutory minimum wages, while providing sizeable employment at the Mines to people from the surrounding villages in Sandur taluk. The Company has developed its Mines on a scientific basis at considerable cost in order to get the best out of these pocket deposits spread over our entire mining concession. At the same time, we have been extremely conscious of our obligation not only to protect environment but to strengthen it in every possible way. The Company has planted one and a half lakh trees a year in 1989-90 and 1990-91, which will be stepped up to five lakh trees in 1991-92. There is an environment awareness which has been built up over the years and has resulted in our Organisation and employees acting as guardians of

The Sandur Manganese & Iron Ores Limited

Registered Office: 'Lohadri Bhavan', Yeshwantnagar 583 124, Bellary District.

the fauna and flora in this geologically ancient tract. To further strengthen our efforts in this direction, the Company has commissioned the National Environment Engineering Research Institute (NEERI), Nagpur, to prepare a comprehensive report on the management and monitoring of the environment. At the Mines Environment and Conservation Week organised in Bellary district for the first time by the Indian Bureau of Mines in July 1991, SMIORE's Mines were adjudged the best and awarded the trophy for environment awareness.

Beneficiation

Basically our mining concession contains low grade manganese ore which though low in phosphorous is relatively high in iron content. It is therefore our endeavour to do our very best to try and beneficiate our low grade manganese ore to achieve an Mn:Fe ratio which will permit the use of the beneficiated ore in ferromanganese production. This is the Company's main research and development objective which is of national significance. Available scientific knowledge indicates the possible use of roast reduction and magnetic separation as the most suitable method of beneficiating our ores. The Regional Research Laboratory (Bhubaneswar), Outokumpu (Finland) and Mekhanobrchermet Institute (USSR) have all conducted laboratory tests using our ores with encouraging results. The Company has therefore decided to plan a pilot project to establish the commercial feasibility and process parameters of beneficiation. We intend to do this in cooperation with the Indian Bureau of Mines and other technical Organisations inside and outside the country. It should be possible to complete this work and arrive at firm conclusions within a couple of years, on the basis of which the Company proposes to go ahead with beneficiation, which would greatly benefit our own ferroalloys production and also export of value-added products.

Pollution Control

Our Metal and Ferro Alloys Plant at Vyasanakere, near Hospet, has three submerged electric arc furnaces producing ferromanganese, silicomanganese and ferrosilicon, bulk of which is supplied to the Steel Authority of India Limited (SAIL). Improved power availability has resulted in better working and enabled the Company to undertake pioneering pollution control in Karnataka by installing bag-house filters which would be commissioned by March 1992. A clean atmosphere is our commitment. The pollution control authorities should take a realistic view of the nature and type of pollution control feasible for different industries and fiscal measures should also be designed to make then feasible. A uniform policy in this regard is desirable in the interest of equity and environment.

Electronics

The diversification of the Company's activities in the field of electronics is progressing satisfactorily. Our dot matrix printer has been well received in the home market and abroad. The indigenisation as per the phased manufacturing programme approved by the Government of India for the manufacture of printers is now complete. However, several standard electronic components have to be imported since there is no adequate manufacturing base in the country for such components. The development of "SOFDAC" - a menu driven software package for data acquisition and control systems - is complete and a system has been installed at our Ferroalloys Plant. We have encouraging responses from other processing industries such as plastics and cement. The Company has established a centre at Bangalore for software development, computer services and training in advanced systems and applications for domestic and overseas market, using an IBM AS-400 state-of-the-art computer. This software centre will go a long way in meeting the increasing need for trained professionals in software development and export.

Welfare

The Company's welfare programmes cover health and education and include supply of subsidised essential commodities, cloth and housing. They are designed to protect the real income of our 2400 employees and contribute to community development and the quality of living in the area. The educational facilities have been further strengthened by the starting of a Girls' Residential School with the Central Board of Secondary Education (CBSE) syllabus, at Vyasanakere, near Hospet. The Sandur Education Society's polytechnic started in 1988, at Yeshwantnagar, with diploma courses in computer science, telecommunications and mechanical engineering is now almost complete and has already made a name for quality education and discipline in healthy natural surroundings. It will be our endeavour to strengthen technical education with a view to further diversify the courses and create a strong base for undertaking training programmes to upgrade skills of our employees and also benefit the neighbourhood. Skills for employment and improved employability is at the heart of the problem of development and growth with social justice. The Sandur Kushala Kala Kendra is also doing pioneering work in the field of arts and crafts including mirror work and embroidery, cane and bamboo works, kinhal lacquerware, stone and wood carving, khadi and tailoring. There is great scope to develop traditional skills for indigenous consumption and export.

It is a matter of great satisfaction to all of us that Shri M.Y. Ghorpade has once again joined the Company as its Managing Director from 30 May 1991. His experience and guidance have always been available to the Company, except on two occasions when he had to accept ministerial responsibilities in the Government of Karnataka as Finance Minister from 1972 to 1977 and as Minister for Rural Development & Panchayat Raj in 1990. I also wish to express my appreciation of the good work put in by all the employees of the Company. I am grateful to all my colleagues on the Board, the financial institutions and the banks for their valuable guidance and support.

Thank you,

Y. R. Ghorpade

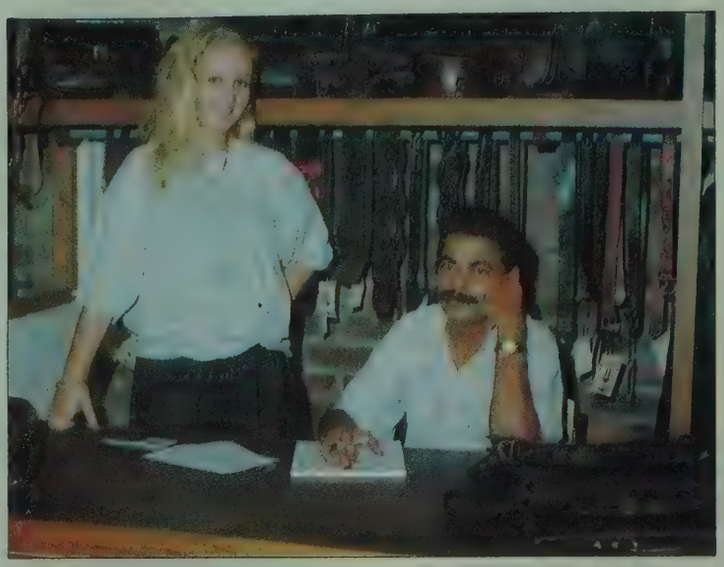
Yeshwantnagar

Date: 16 September 1991

NOTE: This does not purport to be a record of the proceedings of the Annual General Meeting.

GOING HELL FOR LEATHER

He is hidebound in one sense though not in another; Dilip Kapur finds his operations somewhat confined because of the short supply of quality hides but he has broken away from tradition with unconventional designs and innovative ideas. As chief executive of Hidesign, a maker of premium leather bags and garments, Kapur has established a firm footing at the top end of the British, Scandinavian and German markets. His factory, where bags are skilfully crafted, is tucked away among the lush, green fields of Pondicherry; it hardly looks like the setting for a company which will chalk up sales of Rs 8 crore, 80% of it in exports, in the current year.



KAPUR & WIFE: *Still restless*

Though Hidesign has carved for itself a distinctive niche abroad, little has been heard of it in India. That's more by design than accident. But the normally jean-clad Kapur is now concentrating his designs on the Indian market.

Says the gung-ho Kapur: "We have three stores in India and we would like to tap the Indian market more through our own shops. But I think the Indian market is limited, what we sell is targeted at the foreign tourist or people travelling abroad who are quite westernised. So, beyond the major tourist spots and cosmopolitan cities, we don't have a market."

But despite that he isn't doing too badly at home. His main store is in Pondicherry town, which caters to the foreign tourists who flock there. The two others are in upmarket shopping complexes in Bombay and Bangalore and are doing just fine. In the past 16 months, points out Kapur, sales from the Bangalore showroom burgeoned severalfold from Rs 30,000 a month to Rs 3 lakh a month while the Bombay store does the same.

In the West, Kapur exports to the US, the UK and to major cities in Europe through companies which are sole distributors for him. Canada, Hongkong and Australia are also destinations for his range of leather goods which includes handbags, business bags, holdalls, sports rucksacks and a range of distinctive belts and wallets. "We export to our distributors in the UK who, in turn, sell to some of the biggest names in the business especially in the UK and Australia," says Kapur.

But Hidesign would have never been if it wasn't for the pull of Auroville and the Sri Aurobindo Ashram. After schooling in Pondicherry, where his father had joined the ashram, Kapur left for the US to continue his studies and later went on to graduate in international affairs from the ivy league Princeton University. Then came a PhD from the University of Denver and Kapur had to choose between becoming a teacher or working in an international bank. He did neither. Home it was for him. "I had spent all my formative years in the US. But I came back to India because of Auroville," he says.

VALUABLE EXPERIENCE

Kapur picked up some valuable experience while doing his dissertation for his PhD which was to stand him in good stead. "I got a job (in the US) with a company making leather bags that had three shops and one factory," he says. "The owner was training me to be his manager, so I got a good overall view of the leather business." Also, having a father who had a footwear business near Agra helped hone his skills. When Kapur got back to Pondicherry in 1977 there was nothing much for him to do. So he made some samples of the bags he used to make in the US. A visiting German saw the bags and, impressed, immediately placed an order for 1,800 of them. "Six months later, I was still completing delivery and, after the first few months, he placed another order for 1,800 bags. He didn't realise how small we were."

In the early years most of the buyers of Hidesign bags were amateurs — people who were travelling and happened to visit Pondicherry. And they were mostly

THE FACTORY: *Idyllic setting*



Western tourists. They picked up the bags in large numbers and the response was so good that soon Kapur began to get professional buyers. "Now, of course, most of the people who contact us are professionals but at first it was the amateurs who made us while we were amateurs too."

Today Hidesign's Pondicherry factory churns out something like 300 models of bags and is adding on an average 125 models a year. Until two years ago Hidesign was operating right out of the town, moving from building to building as orders flowed in. "We finally decided that if we were to make a good product we had to design our own custom-built factory. It made sense." The factory houses around 475 workers. But Kapur found that this was just not enough. Last month, he sent frantic telexes to all his buyers asking them to reduce their orders as Hidesign would not be in a position to supply all the requirements. His plans to put up another factory were put on hold because of the restrictions on capital goods imports. "Orders I have plenty of but I just can't handle them. Buyers abroad ask me if there is something wrong with me," says a plaintive Kapur.

Detail is the distinctive feature of the Hidesign range. Most of the bags abound in pockets and zips and buckles. Bags form around 60% of Hidesign's production, with the rest being leather garments. The soft leather briefcases made from cow-hide leather are one of the fastest selling items in the company's portfolio. "In the West, hard luggage is passe, no one carries around moulded plastic briefcases," points out Kapur. Another recent hit on the ladies handbag circuit is a bag called Boxy (all his bags are personalised, each one has a name). Boxy, designed by Kapur himself, is shaped like an old-fashioned leather suitcase replete with straps and buckles but it is in miniature, and sold faster than you could say Hidesign, claims Kapur.

The bags are priced anything between £6 and £50 while the garments could range between £25 to £85 on an average (so the rupee devaluation will be a shot in the arm to him).

Hidesign's products are targeted at the middle and upper-middle section of the leather goods market, leaving the upper end to the Italians

Designing the bags is Kapur's prerogative but for the garments, buyers descend on Pondicherry something like five times a year to give him the designs. "I travel a lot and see a lot which gives me a lot of ideas. Although the lines of our bags may be similar, each one is different from the other. In terms of design," he says, "there are no comparable products in India." "We are really a salesless office. Our products sell themselves, we don't need to market them," he claims.

All the accessories are imported. The zippers, the rivets, pressbuttons, threads and buckles are secured from all over the world — from Italy to Taiwan. "What we don't import, we make. If you want to make a world class product you can forget about Indian accessories, they're lousy." The lambskins come from New Zealand and the cow hide is Indian and right now Hidesign is experimenting with Brazilian hides.

But it's not been easy getting to the top end of the European market. The credit for Hidesign's success in the UK goes primarily to its sole distributor in London, an Australian woman, Lowell Harder, who heads the show there. Hidesign UK exhibits at the London Show, the British Designer Show, the International Spring Fair and the Harrogate Gift Fair. Hidesign is targeting the middle- and upper-middle level of the leather goods market. "I don't care about the lower end and we'll leave the upper end to the Italians. But I don't think there is any other Indian manufacturer who sells at the market level Harder does. It has taken us a lot of work as there were a lot of complaints in the beginning," explains Kapur.



SOME HIDESIGN PRODUCTS: *Foreign forays*

Hidesign UK's recent tieup with the £20 million Tula group plc will add a lot more bite to Kapur's sales. Hidesign UK has been relaunched as Hidesign Accessories and will be the fourth company in the group. The Tula group already has companies called Tula Bags and Studio Accessories under its umbrella and the third member of the group, Brookland Sports, is the sole distributor in the UK and Europe for a brand of foot and sportswear called British Knight. "The Tula group has a lot of dynamism and informality. Our products have a lot of European appeal while the Tula group's other products are a lot more English. The group will be using Hidesign's expertise in the European market," elucidates Kapur.

What gives Hidesign products that unique lustrous, rich look is the tanning process used. This is today normally done by chrome salts which have replaced vegetable dyes. But Hidesign continues to use the old process,importing extracts of the Wattle tree bark from East African forests. Says Kapur: "We don't use any pigment at all. It is like wood — either you can paint it or stain it, if you paint you don't get the real beauty of the wood. We use aniline dyes which bring out the richness of the leather. The leather wears better then."

Though Kapur has made forays into markets where no Indian manufacturer has treaded, he's still restless. "Why should we be exporting only Rs 8-10 crore. We can increase exports to Rs 100 crore. The potential is there," he says. But having succeeded in a world of high design and styles, Dilip Kapur doesn't hide his relish.

□ Vinay Kamath

Ashok Leyland

THE RIGHTS ISSUE

Issue of 96,16,226 — 14% Secured Redeemable Partly Convertible Debentures (Series VIII) of Rs 200 each for cash aggregating Rs 192,32,45,200 on rights basis to resident shareholders and 4,80,812 — 14% Secured Redeemable Partly Convertible Debentures (Series VIII) of Rs 200 each for cash aggregating Rs 9,61,62,400 to the existing employees (including Indian Working Directors) of the Company on an equitable basis.

SALIENT FEATURES OF PARTLY CONVERTIBLE DEBENTURES

Face Value: Rs 200 per Debenture.

Rate of Interest: 14% p.a. payable half-yearly.

Conversion: Rs 100 per Debenture will be converted into 2 Equity Shares of Rs 10/- each at a premium of Rs 40/- per share. (Market price Rs 150/- ex-Rights at Bombay on 28.8.1991). The conversion will be done in 2 stages.

First conversion to take place on 1st April, 1992 or at the end of 6 months from the date of allotment whichever is later and the second conversion on 1st October, 1992.

Redemption: The non-convertible portion of Rs 100/- per Debenture will be redeemed at par in 3 annual instalments of Rs 35/-, Rs 35/- and Rs 30/- per Debenture at the end of 7th, 8th, and 9th years respectively from the date of allotment.

Listing at Madras, Bombay, Delhi, Calcutta and Ahmedabad.

Payment Terms per Debenture :

On Application	- Rs 50
On Allotment	- Rs 50

The balance of Rs 100 per Debenture will be payable in 2 calls of Rs 50 each.

Payment Facility: The Company has made an arrangement with State Bank of India for issue of Demand Drafts (DDs) free of charge to any investor applying for these Debentures. The DD may be obtained from any branch of State Bank of India anywhere in the country.

RISKS PERCEIVED BY THE MANAGEMENT

The Company perceives the following risks in view of the prevailing political and economic conditions.

i) Any new levies and taxes, any further import curbs and/or further devaluation of the rupee may result in cost overrun of the projects and may affect the economics of the investment programme. This may warrant appropriate changes/modifications to the programme.

ii) If the Government of India's monetary policies and import curbs become more stringent, it may have an adverse impact on the growth of the industry.

iii) If the growth of the industry is affected due to factors as above, intensive competition from existing and new manufacturers may result in inadequate utilisation of capacity.

Your Company will however, strive to take appropriate measures to counter the adverse impact, if any.

RIGHTS CONVERTIBLE DEBENTURE

ASHOK LEYLAND 2000

GLOBAL STANDARDS
GLOBAL MARKETS

IGHEST RATINGS FROM CRISIL

he Company's financial
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CRISIL) for every kind of
ebt instrument issued by the company :



AA' for Debentures, a long term debt instrument

'AAA' for Fixed Deposits, a medium term debt
strument

'1+' for Commercial Paper, a short term debt
strument

l signifying the highest degree of safety for
mely payment of interest and repayment of
rincipal amount.

The Company's intention to retain over-subscription up to 15% of the issue has been duly noted by the Controller of Capital Issues. In the event of over-subscription, the Company will apply for formal consent of the Controller of Capital Issues for retaining the oversubscribed portion.

Letters of Offer and Composite Application Forms have been mailed to the Resident Indian Shareholders whose names appear on the Register of Members on 17th August, 1991 (Record Date). In case the same is not received by 14th September, 1991 kindly write to Ashok Leyland Limited, Investors Service Centre, 19 Rajaji Salai, Madras 600 001 quoting folio number.

If the Company does not receive the minimum subscription of at least 90% of the issued amount, the entire subscription will be refunded to the applicants within 90 days from the closure of this issue. If there is a delay in refund of such amount by more than 10 days, the Company will pay interest @ 15% p.a. for the delayed period.

LEAD MANAGERS TO THE ISSUE

The Industrial Credit and Investment Corporation of India Ltd.
Merchant Banking Division
1, Cenotaph Road
Madras 600 018

SBI Capital Markets Ltd.
Shakti Towers
766, Mount Road
Madras 600 002.

ANZ Grindlays Bank p.l.c.
Merchant Banking Division
19 Rajaji Salai
Madras 600 001

DSP Financial Consultants Ltd.
914 Raheja Chambers
213 Backbay Reclamation
Bombay 400 021

CO-MANAGERS TO THE ISSUE

Citibank N.A.
Merchant Banking Group
Shakti Towers
5th Floor
766 Anna Salai
Madras 600 002.

CANBANK FINANCIAL SERVICES LTD.
Spencer Annexe 1st Floor
770-A Anna Salai
Madras 600 002

Infrastructure Leasing & Financial Services Ltd.
81 Maker Chambers VI
Nariman Point
Bombay 400 021

PNB Capital Services Ltd.
706 Anna Salai
Madras 600 006.

Ashok Leyland Limited

Regd. Office: 19 Rajaji Salai, Madras - 600 001.

PRESSMAN

OFFER OPEN TILL 8TH OCTOBER, 1991

APL bags new contracts.

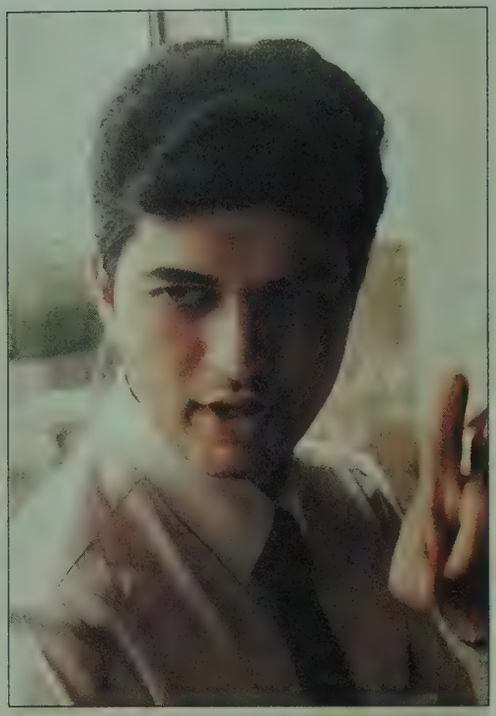
GOING PLACES

It has wrapped up a couple of overseas deals — that too in the area of pesticides — which would do even a large company proud. Yet, the Bombay-based startup Aimco Pesticides Ltd (APL) is hungering for more. Promoted by the Rs 25 crore Dave group, APL is also gearing up to get two of its plants humming with activity.

The first deal APL has bagged is a $0.1 million turnkey project from the Bangkok-based Yip In Tsoi & Jacks. Under this, APL will supply all the necessary plant and machinery, including quality control equipment and other utilities for the manufacture of pesticide formulations (liquids, granules and wettable powders). Besides, it will also annually supply Rs 10 crore worth of technical grade pesticide to Yip In Tsoi & Jacks when its new Ratnagiri-based plant becomes operational in April 1992.

APL pocketed the contract despite stiff competition from some big boys in the UK, the US and Europe. Says director Nimesh Dave: "Thailand has no pesticide knowhow and is not self-sufficient in the supply of technical grade pesticides. We offered them the most desirable services."

The second contract, valued at approximately Rs 3 crore, has come



DAVE: *Foreseeing a fine future*

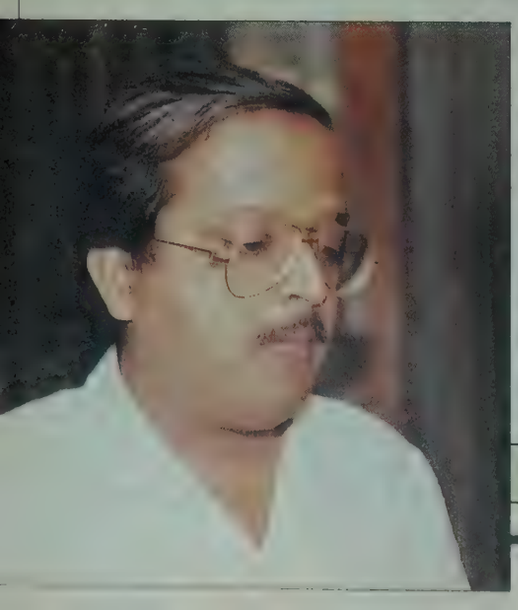
APL's way from Vietnam courtesy a local outfit Nicotex. A memorandum of understanding has been signed under which APL will supply plant, machinery and knowhow for the manufacture of synthetic pyrethroid cypermethrin and fenvalerate.

Says Dave: "We are also negotiating in Malaysia and Nigeria for similar contracts. I foresee a very good future. Especially in places like Nigeria where all the pesticide requirement is met by imports."

Focus of activity. The Daves are no greenhorns in the pesticides business having honed their skills over the past 20 years. Their Rs 15 crore flagship, All India Medical Corp, runs four formulation plants, consuming 500 tonnes per annum (tpa) of technical grade pesticides and also exports both pesticide formulations and technical grades. Currently, however, it is APL which has become the focus of activity. The company is working on setting a 120 tpa hydroquinone plant on stream. Says director E.P. Shrivastava; "The total installed capacity for hydroquinone in India is around 400 tpa in the organised sector. Demand, however, is around 650 tpa; the balance is being met by imports." The cost of the imported material is around Rs 250 per kg, whereas the indigenous product is available at Rs 200 per kg. "Due to this many users in the photographic and dyes industries are interested in having long-term contracts with us," says Shrivastava. That should add more weight to APL's bottomline.

The ICC gets a new chief.

MAINTAINING TEMPO



Having put by his irons and drivers, former golf champion Dipak Khaitan teed off on a new sort of fairway last fortnight: the chambers of commerce circuit. Taking over as president at the Calcutta-based Indian Chamber of Commerce (ICC) from his 31-year-old confrere Sanjiv Goenka, Khaitan — only slightly older — says that he intends to keep up the tempo set by his predecessor.

In 1990-91, for instance, the ICC hosted a record 34 overseas visitors. It also set up a social service wing styled the ICC Calcutta Foundation with a Rs 50 lakh corpus. "A chamber ought not to be introverted," says Khaitan. "It must look beyond the natural borders of business not just as a matter of course but as a priority."

KHAITAN: *Advocating new attitudes*

As his first task, Khaitan sees the imperative to keep on plugging away at the all-round need to change attitudes and outlooks. "Many of today's problems would disappear if the old, obstructionist mindset is discarded," he reasons.

"Of course, this is easier said than done, but the chamber must do its bit to help change the environment. Fortunately for all of us, from the prime minister downwards, nowadays many government functionaries are being often heard speaking the same language as industry. This makes our task that much easier."

On the local front, Khaitan is keeping his fingers crossed on his members' behalf that the West Bengal investment scenario will improve. "Labour relations is no longer an issue in this state," he observes, adding that if forthcoming investments in power and petrochemicals are complemented by infrastructural improvements, West Bengal can definitely hope for better times. "Whether in the core sector or otherwise, a significant injection of capital is on the anvil in the eastern region as a whole," he points out.

New headquarters. To symbolise its faith in the future, as it were, the ICC is now planning to set up new headquarters — and energising this plan is another of Khaitan's priorities. At present, the chamber occupies only two of the 10 floors in the building of fifties vintage owned by it, of which one is taken up by an auditorium. Also, the entire vicinity is now a no-parking zone, putting visitors to great inconvenience. "I would like to ensure that at least the site for ICC's new headquarters is firmed up while I am president," says Khaitan.

So far, like his low-profile father B.M. Khaitan, Dipak too has been reticent with the press, preferring to keep away from the limelight. At last, he is now learning to smile even under the arclights. As the saying goes, one lives and learns.

Asian Tractors is finding its bearings.

ON THE RIGHT TRACK?

Trial production has at last begun — some three months behind schedule. But the Bangalore-based Asian Tractors has gone off track in other ways too. Costs are up by nearly 20% and the first year's targets will obviously not be met.





THE ATL PLANT & SATYANARAYANA (INSET): *Dogged by delays*

Asian Tractors was set up to manufacture low horse power (hp) — up to 25 hp — tractors with an initial installed capacity of 2,000 units per year. The idea was to raise the capacity to 6,000 tractors in a phased manner, simultaneously setting up additional facilities for in-house manufacture of various components. The project, which was held up thanks to various hitches, has finally hit the road. And in the initial period, the factory will only assemble the tractors.

The company plans to hit the market with two models, one of 18 hp called the Asian-Kramer 918 and the other a 24 hp tractor, the Asian-Kramer 324. The Kramer part of the name comes from Asian Tractors' technical collaborator, Kramer-Werke GmbH of Germany. Both the 18 hp and 24 hp versions are based on the Kramer design, although the German company has itself discontinued production of these tractors long ago. Managing director M.L. Satyanarayana maintains that the Kramer design is more contemporary than that of Eicher which also kicked off with a German collaboration. "Ours is of seventies' vintage; Eicher's is a clear decade older," he says.

Delayed project. But what's holding up the company from starting commercial production? "We are awaiting commercial reports from the Tractor Testing and Training Centre (TTTC)," says Satyanarayana. Without the reports, commercial production cannot start. The process is likely to take a couple of months.

However, Satyanarayana anticipates few marketing problems. With increasing population pressure on land and fragmentation of holdings, there is an upsurge in demand for lower hp tractors. There appears to be a shift in preference from high hp (above 40 hp) and medium hp (30-40 hp) tractors to small tractors. Satyanarayana places the total tractor market at 1.3 lakh numbers per annum, and the share of the low hp tractors at around 35% but growing at a faster clip than the industry's annual growth rate of 12-15%. "It will be no struggle selling our tractors, particularly considering our small volumes," says he. "But the important thing is to turn out a rugged, quality product. You see the end-user, the farmer, not being highly educated, can get easily cheesed off with the tractor on finding even a small defect. And the word will spread fast."

Currently, Satyanarayana is concentrating on getting his show on the road. For him, that's more literal than figurative.

■ As per the annual report of the Reserve Bank of India (**RBI**) for the year ended 30 June 1991, there has been a sharp decline in **bank credit**. The expansion in bank credit for the said period was Rs 1,251 crore as against Rs 2,558 crore recorded in the previous year. The deposit growth has registered a marginal increase from Rs 6,129 crore to Rs 6,211 crore.

■ India is to get a $635 million **loan** from the International Monetary Fund (**IMF**) under the latter's Compensatory and Contingency Financing Facility (CCFF). This is the third loan India has received since January from the IMF under the CCFF. The country is also expected to avail of a larger standby credit of $2.2 billion by end-October.

■ India is likely to get a ¥50 billion (approximately Rs 950 crore) in **aid** from Japan, according to a report in *The Economic Times*. This is in addition to the annual ¥105 billion (Rs 1,995 crore) which India avails of under the Aid India Consortium.

■ A 10-member study group headed by Unit Trust of India (UTI) chairman S.A. Dave to go into the functioning of **mutual funds** in the **private/joint** sector has made certain recommendations for the same. The report says that the private sector will be permitted to sponsor mutual funds only through fund management companies which should have a minimum equity capital of Rs 2 crore. These mutual funds would be required to raise a minimum of Rs 20 crore for close-ended schemes and Rs 50 crore for open-ended schemes.

DAVE: *Setting the rules?*



NEWS BRIEFS

■ Following certain allegations made by a Securities & Exchange Board of India (Sebi) report, the finance ministry is reported to have directed the **Canbank Mutual Fund** against launching any more schemes until the irregularities in its working, as alleged in the Sebi report, are looked into.

■ **SBI Mutual Fund** has launched two new schemes — Magnum Triple Plus and Magnum Express. While the former will treble investments over a period of seven-and-a-half years in addition to a capital appreciation, the latter is an equity growth scheme aimed at providing returns higher than the average appreciation in stock prices.

Meanwhile, following the Centre's decision to partially privatise public sector undertakings (PSUs) by disinvesting 20% of their equity to mutual funds, SBI Mutual Fund plans to float a fund, the proceeds of which will be invested in the equity of PSUs.

■ The finance ministry is reported to be considering a proposal from the State Bank of India (SBI) and the Canara Bank to merge the Bank of Credit & Commerce International's (**BCCI's**) Bombay branch with either of the above-mentioned banks.

■ In a bid to encourage exports, the RBI has provided a 10% increase in **export refinance credit** to banks. The RBI has also raised the minimum margins on bank advances against paddy, rice and other foodgrains by 15 percentage points.

■ The Union government is reported to have decided against allowing any of its agencies to raise **commercial loans** from the **international market** until such a time till India's credit-rating overseas improves.

■ According to *The Economic Times*, finance secretary Srirang Purushottam Shukla is likely to be posted in Manila as India's executive director of the Asian Development Bank (**ADB**).

■ The Life Insurance Corp of India (**LIC**) has launched two more schemes — the Home Loan Account scheme and the Jeevan Griha policy. While the former will be administered by LIC Housing Finance Ltd, the latter will be promoted by the LIC.

■ As per a report in the *Business Standard*, consultations are on between the finance ministry and RBI officials for the setting up of a **national cooperative bank** under the Multi-state Cooperative Societies Act.

■ A proposal for a joint venture between the International Finance Corp (**IFC**) and the **Fairgrowth** group to launch a **factoring** agency is under consideration. According to a report in the *Business Standard* the venture will also have Vysya Bank and an international factoring firm as partners.



RATNAKAR: *Nurturing Fairgrowth*

Meanwhile, Fairgrowth group chairman B. Ratnakar said that IFC is also keen on joining the mutual fund proposed to be set up by his group.

■ In a bid to shore up the cash-flow position of financial institutions (FIs), the Union finance ministry is reported to have asked **mutual funds** to park a part of the funds collected from the public with FIs.

■ The Union finance ministry has revised the guidelines governing the Over-The-Counter Exchange of India (**OTCEI**). The ministry is reported to have decided to broadbase the exchange membership by allowing a three-category listing facility and reducing by half the limit of minimum public offer of companies.

InformationWorld

INSIDE

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CSI 91: FLOP SHOW?

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Computer sales are picking up in eastern India.

A NEW CONQUEST

Information technology has finally breached communism's last citadel. West Bengal's Marxist government has withdrawn its long-standing, if unwritten, ban on computers.

State-owned corporations no longer turn away computer salesmen at their doors. A few government departments have already installed new machines on their premises. And, believe it or not, a Wipro 'Genius' 386 workstation has found its way into the CPI(M) party headquarters!

Only a couple of years ago, none of this seemed possible. Bengali Marxists have always looked upon the computer as a capitalist tool, created by degenerate Americans with the sole intention of destroying communism and everything it stood for. Says Wipro Infotech regional manager Sudip Banerjee: "There has always been a feeling that computers cause retrenchment." CPI(M) leaders and union bosses swore repeatedly from public platforms to keep the state free of the 'evil' machines that threatened to deprive workers of their living.

The change of heart came, as it always does in West Bengal, from the top. Chief Minister Jyoti Basu's inauguration of the Computer Society of India's (CSI's) annual extravaganza in Calcutta last year was the first indication of the party's partial acceptance of information technology. Not surprisingly, government officials and public-sector chiefs thronged to the exhibition, making enquiries and taking notes at each stall.



BANERJEE: *Overcoming fears of retrenchment*

Around the same time, the Assam government also began taking a keen interest in computers. The Asom Gana Parishad didn't have any ideological objections to automation, so it moved quicker than the CPI(M). Says DCM Data Products (DP) CEO Veer Sagar: "Earlier, no infotech company thought of Assam as a likely hunting ground. Now that the government has started buying computers, that perception has changed."

The lack of government interest, more than anything else, has kept eastern India far behind the other regions in computerisation. Purchases by government (Union or state) bodies and undertakings account for anywhere between 30% and 50% of computer sales in most regions; in the east, they add up to less than 20%. West Bengal has a particularly poor record. DCM DP assistant regional manager Hemant Tiwari likes to compare Calcutta's attitude towards computers with that of Hyderabad: "In Andhra Pradesh, they set up a separate body, headed by an IAS officer, to coordinate buying of computers and allied equipment by the state government. It had an allround perspective and identified key areas...you don't have such focus here."

But, of course, the government cannot be held solely responsible for West Bengal's lagging behind in the computers race. Modi Olivetti regional manager (operations) Raja Mitra believes the absence of sunrise industries in the state has contributed greatly to keeping sales low. "Sunrise industries form the majority of the first-time buyers in the rest of the country. Such companies are young, modern and more open to computers."

Calcutta remains home-turf for a number of large companies, but these are old-fashioned and, more often than not, grossly overstaffed. Even if the managements did consider computerisation, their unions would never allow the machines to be installed.

Says HCL regional manager Nagesh Mehra: "The computer industry has grown substantially over the past five years, but the eastern region hasn't been able to keep pace." In fact, statistics indicate that the region's share of the industry's overall sales has actually declined — from roughly 12% in 1985-86 to around 10% last year.

That figure would have been much lower if it hadn't been for the strong presence of five of the country's biggest computer buyers — ITC, Tata Steel, Coal India, Steel Authority and Oil & Natural Gas Commission (ONGC) — in the eastern states. Exact figures are hard to come by, but these corporations, together, probably account for 60% of the region's computer sales.

ITC manager (management information systems) R. Sreedharan, for one, believes the private sector in the east is at par, in terms of computerisation, with its counterparts elsewhere in the

MEHRA: *The East lags behind*



country. But ICI regional management services manager Sibsanker Daspal points out that these companies haven't had it easy. ICI's computerisation drive started in Calcutta, but ambitious plans mooted in the sixties were finally moved forward only in the late eighties. Says Daspal: "Compared to other regions, it takes a longer time in the east to bring about attitudinal and cultural changes necessary for new technologies."

But things are beginning to look up. A good indicator for the growth in computer sales and awareness can be seen in the performance of new



WASSAN: *Realising Calcutta's potential*

players like Digital Equipment India Ltd (Deil) and Modi Olivetti. Both companies chalked up sales in excess of Rs 5 crore last year, even as older players continued to grow. Clearly, the newcomers have broken fresh ground.

The most impressive growth, however, came from one of the oldest infotech companies in the business — DCM DP saw sales climb an astonishing 500%.

And there may be better news round the corner. Government undertakings, which lay low last year, are expected to commence big buying soon. That is music to any computer salesman's ears. Says Deil regional sales manager Mohan Menon: "The eastern region has core industries like steel and coal which, by their sheer size, provide a very sizeable market for infotech products and services." CMC's Rajiv Mathur says the core sector — mining, steel, transport — accounts for 69% of his company's sales in the region. More than 60% of Wipro InfoTech's eastern India turnover comes from the "non-corporate" sector. Says Wipro president Ashok Soota: "With all those steel plants and coal mines, the east has a lot of potential." DCM DP's Veer Sagar points out that the scope for business in Assam is set to increase with the growth in ONGC's presence in the area. And PCS Data General regional manager Deepak Wassan enthuses that "the Calcutta market alone is worth Rs 60 crore."



MENON: *Counting on the core sector*

Companies have also begun to tap the region's potential in non-hardware areas. Says ICIM regional manager Harsh Kumar: "We are looking into aspects like site consultancy, software consultancy and computer training. All these could bring significant additional revenue."

But things are not all hunky-dory. Nobody expects the eastern region to catch up with the west, north or south; but rapid growth, even by its own standards, won't be easy to achieve. Jyoti Basu may have opened his own mind to computers, but it will be a long while before he can do the same for his party cadres. And while it is true that the trade unions are no longer raising Cain at the prospect of computerisation, they certainly aren't about to welcome it with open arms. Says Wipro's Sudip Banerjee: "The antagonism may have abated somewhat, but the subliminal association of computers with retrenchment lingers on." He points out that some private-sector companies who have headquarters in Calcutta have been forced to initiate their pilot automation projects elsewhere in the country.

Computer sales are also handicapped by the fact that a 12.6% sales tax and 1% turnover tax is imposed in West Bengal. By contrast, Maharashtra levies a 6% sales tax; Andhra Pradesh charges only 2%. Says Naresh K. Bothra, proprietor of Computer Exchange,a large Calcutta-based retailer: "Why should anybody buy hardware from here; even if you take transportation costs into account, it works out cheaper to buy computers in Bombay or Hyderabad."

KUMAR: *Tapping software areas*



Nor is it likely that the region will produce a major computer manufacturer of its own. The last attempt at making computers in the region was in the early eighties, when MMC set up shop in Calcutta. The company collapsed in less than five years.

All the same, it is clear that the dark days of the late eighties are over. The infotech sun may never rise in the east, but at least the prospects are looking brighter than ever before.

□ D.N. Mukerjea

CSI 91 promises to be a damp squib.

FLOP SHOW?

The show doesn't open until later this month, but the critics have already written its epitaph. The top stars won't be around to play their parts; and the assorted bit-players are unlikely to draw the crowds.

When the curtain goes up on the Computer Society of India's (CSI's) annual extravaganza (New Delhi, 29 Sept-2 Oct), the country's biggest infotech names will be conspicuous by their absence. Only two of the Top Ten — Tata Consultancy Services (TCS) and Tata Unisys — will display their wares at the computer carnival.

Industry leader HCL won't turn up; nor will its arch rival, Wipro Information Technology. The best performers of 1990-91, Digital Equipment India, Modi-Olivetti and Pertech Computers, won't be there; nor will multinationals International Computers Indian Manufacture (ICIM) and PSI-Bull. Even such old-timers as DCM Data Products and Hinditron have decided to stay away.

And each of them cite the same set of reasons for their inability to attend.

■ To start with, there's the matter of money. Participation at the carnival doesn't come cheap. A large company usually books 10-15 stalls and puts its best machines on lavish display. At CSI 90 (Calcutta), each of the major players spent around Rs 30 lakh — and that is big money in a dry year. The industry is yet to recover from its dismal performance in 1990-91; and indications are that this year won't be very much better. With profit margins being squeezed in practically every market segment, few companies have the surpluses required for a splurge at the CSI expo.

■ Then, there's the question of CSI's timing. Thanks to the delay in the presentation of the Union budget and the new depreciation norms, end-September is when corporate-buyers (particularly public-sector companies and government departments) will start taking decisions about their computer purchases. Infotech salesmen will be at their busiest, plugging products, holding demonstrations and negotiating paperwork. Most of them are still in the process of coming to terms with the new policies and rules. At such a time, few companies can afford to take their best men from the marketplace and put them in charge of stalls at the exhibition.

■ Finally, there's the industry's perception of the exhibition's utility as a marketing/advertising medium. The absentee companies would certainly have found ways to raise the money and spare the men required for participation if they were convinced this would help boost sales substantially. But few companies are that sure.

Most CEOs complain that the exhibition has become a big circus. While the crowds have swelled with each successive show, a majority of the visitors treat it like a hi-tech picnic spot. This was never more evident than at CSI 90; *babumoshais* from every walk of life flocked to the exhibition site, wives and children in tow, to gape at the magical machines on display. They supplied most of the oohs and aahs, but never looked like potential computers-buyers. And there's no reason to believe that the scene at CSI 91 will be any different.



CSI 90: *No repeat performance this time*

A suggestion. Exhibitors have frequently demanded changes in the show's format. One suggestion is to split the carnival into four smaller exhibitions, one for each metropolis. Each such show could follow a specialised theme, so as to attract specific groups of exhibitors. Prospective buyers could then visit the show relevant to their requirements.

Many of the small software and peripherals companies believe they should have a separate exhibition for the categories of products they deal in. In the present set-up, they cannot afford to book more than one or two stalls each and are in no position to compete with the larger companies for buyers' attention.

The society, however, has turned a deaf ear to these suggestions. Instead, it seems determined to make the exhibition even bigger with each passing year. Exhibitors can only hope that the failure of the Delhi show will force CSI to rethink its plans.

Not that CSI 91 will be a total washout. The convention (which is held simultaneously with the exhibition) is likely to be a success, attracting over 3,000 delegates, many of them from abroad. The assembled academicians and "experts" will, no doubt, make the most of the 42 technical papers that will be presented by select infotech gurus. But these sessions hold very little interest for buyers and vendors — not to speak of the layman.

On the exhibition site, while the rest of the big cats are away, the Tatas will play. By all accounts, the four Tata infotech companies (TCS, Tata Unisys, Tata Elxsi and Nelco) will be the star attractions of the show, sharing 24 stalls. Industry grapevine is abuzz with rumours that the Tata-IBM deal will be clinched in time for the exhibition, enabling Ratan Tata to make a big splash. But even that, if it happens, won't be sufficient to make a success of the computer carnival.

□ A correspondent

"WE WANT TO SELL SOLUTIONS"

International Computers Indian Manufacture (ICIM) was at the proverbial crossroads when Ashok Jain took over as president, a couple of years back. His predecessor, Sumantra Banerjee, had pulled the ailing mainframe-maker back from the brink, by introducing a successful line of microcomputers; but profit margins on PCs were shrinking.

Jain started his tenure by taking his company the logical step forward, into mid-range systems. He toed the open systems line laid down by ICIM's parent, ICL of the UK. And he pushed software exports. ICIM ended 1990-91, Jain's first full year at the helm, with Rs 81.90 crore in revenue (up 30%) and Rs 8.90 crore in gross profits (up 37%).

Jain spoke to BusinessWorld *about the recent changes at ICIM and his strategies for the company's future. Excerpts:*

■ On ICIM's product-mix.

Everybody looks at ICIM as an all-product company now; but that's not what we're about. Yes, we do have the whole range of machines, from mainframes to PCs, but our focus is no longer on hardware products alone. What we're aiming to be is a full-solutions company. We want to sell solutions; even independent of our machines. I'd like to be in a situation where you can come to me with your problem and I can give you the complete solution on a hardware platform that isn't necessarily 100% ICIM.

■ On the future of hardware companies.

Hardware margins have shrunk worldwide. In the end, I think all hardware platforms will become boxes. In India, we've seen that happen to PCs, Eisa machines and, now, entry-level Unix systems. Our Krypton DRS 6000 may be doing well today, but even that will become a box.

So companies can chose from two options. One, they could become huge-volume hardware vendors... and I'm talking of volumes that would add up to four times domestic sales. Two, they can become value-added solutions sellers. And when I say value-added solutions, I don't mean merely hardware plus services. I mean systems integration in a comprehensive manner. ICIM will follow the second path.

■ On rumours of an ICIM-Wipro Infotech alliance.

We are in the process of building an alliance, on the lines of the Digital-Modi Olivetti deal. In our case, we will be offering Sun SparcStations from Wipro with our DRS 6000s. ICL buys these machines from Sun Microsystems worldwide, so we're only extending that to India.



We've finished all the validation tests and ICL has given us positive feedback. The agreement itself should be signed soon.

We needed this arrangement because, frankly, ICIM doesn't have Cad/Cam systems. Wipro has the SparcStation, but it doesn't have a data-processing machine like our DRS 6000. When the deal goes through, we will be able to integrate data processing with Cad/Cam in manufacturing units, where we've found a great demand for such systems.

■ On software export plans.

We've set up ICIM International in San Jose, US, to handle our exports. Tom Joseph and Arun Tolani (former ICIM vice-presidents) are in charge.

With a corporate entity abroad, we should be able to address foreign markets better. ICIM International will concentrate on the US to start with, but we'll also be looking at Europe and the UK, where we've already established links. We'll even look at the Japanese market by and by.

Overall, the plan is to pick up orders abroad and execute them at our Pune unit.

■ On the recent management restructuring at ICIM.

When I joined, there was only one person responsible for profits — the chief executive. What we've done now is split this responsibility over seven profit centres: our divisions in the north, east, south and west, our financial services division, the exports wing and the OEM (original equipment manufacturer) business. Each is headed independently. The head office is less involved.

As a result, there's a lot more focus on profits and decision-making has come closer to the customer. Forecasting has become tighter and we have full control on operating expenses.

We've also merged the marketing division with R&D. This has increased the accountability of the product.

■ On ICIM's targets for 1991-92.

I don't normally like talking about this. But let's just say we're aiming to cross Rs 100 crore in revenues this year. Between 30% and 35% of that will come from micros, 20% from mainframes, 25% from Unix systems and the rest from software and services.

■ On ICIM's long-term ambitions.

I've always stood by the motto: "Growth is vanity, profit is sanity." We're not aspiring to become the country's largest infotech company. I'd be happier as chief of the country's most profitable computer outfit.

SCALING FORTRESS EUROPE



India's infotech sector has to resort to some high-decibel image-building in Europe to let the Community become aware of India's prowess

The European Economic Community (EEC) is committed to the creation of a single market, comprising all member-nations, before the end of 1992. This programme, popularly known as "EC 92," will create a large, unified trade bloc — Fortress Europe. The consequent dismantling of national barriers will result in the free movement of goods, personnel, capital and services, all leading to tremendous economic growth for the Community.

There are mixed feelings about Fortress Europe outside the Community. A lot of analysts believe that the objectives of the EEC can be met only at the cost of trade with other non-European Community (EC) countries and that access to the market within the EEC will be denied to "outsiders."

It is easy to see why the rest of the world is worried. You've only to look at the size of the EC in terms of population (6.8% of the world total), economic output (19.6%, as against the US' 20.7% and Japan's 11%) and its contribution to world trade (40% as against the US' 14% and Japan's 8%). That gives you some idea of the importance of a market that could be sealed tight by the end of next year.

Analysts fear that this Fortress will be "defended" against outside influence by a thicket of rules and regulations which are being put into final shape even as you read this article. To my mind, the two important factors that will affect the way India does business with the EC are the proposed public procurement policy and the concept of "harmonisation."

■ **Public Procurement:** The procurement policy for purchase by public bodies is being changed. It will now be possible for one Community member to bid for any other member's public procurement. This is a huge market — one estimate values it at about $750 billion. An outsider wishing to sell its wares to a member-country can do so only if considerable value-addition is made in that country.

The Community will open up its public procurement markets to non-EC countries to some extent, but only on the basis of reciprocity. This has been the EC's stand at the General Agreement on Tariffs & Trade (Gatt) meetings.

■ **The phenomenon of harmonisation:** Harmonisation is an effort by the EC to draw up European standards. These standards are, by and large, similar to those set by the International Standards Organisation (ISO). Such an effort will help in intra-Community trade. However, it will also mean that non-EC countries will have to follow European standards. Wherever standards are not available, the principle of mutual recognition will be followed.

How will these standards affect the information technology industry? In spite of this being a knowledge-based industry, there is a surprising lack of international standards. As a matter of fact, there are probably as many standards as there are computer companies in the world.

The process of harmonisation for the infotech industry will have a far-reaching impact on Indian software houses since no standards of the type being planned by the EC currently exist in India.

There are about 22 different standards being considered; and these are not merely programming and documentation standards as understood in our country.

Another factor that could queer the European pitch for Indian software houses is the recent opening up of eastern bloc countries. It is quite well known that east European countries, especially Hungary and Poland, produce excellent programmers. What is more, east European countries (and some EC members like Portugal and Greece) offer very low wages as compared to other affluent countries of the Community.

Now take a look at some figures (see table). The statistics are only indicative, since no systematic official data collection has been carried out by the EC; but they do give you a fair idea of the size of the software market within the Fortress. Only the US has a larger market. And mind you, the economic growth of the Community is much higher than that of the US.

How are information technology companies in non-EC countries preparing for 1992? The Japanese seem to be moving the quickest, setting up shop all over the continent — in the form of subsidiaries, joint ventures or strategic alliances with European companies. Clearly, having a corporate entity physically present

THE EC: A WAITING GOLDMINE

	Sales in $ million		Growth rate
	1987	1993*	%
Package software	9,300	29,500	21
Customised software & consultancy	6,900	13,000	12
Processing/facilities management	6,500	11,500	11
Training	1,150	3,290	19
Total	**23,850**	**57,290**	

Note: Figures for EC plus Austria, Finland, Norway, Sweden and Switzerland.
* Projections.

within the EC has a major advantage.

How exactly should India go about this task?

■ For a start, we must set about acquiring a higher profile. Few people in Europe know anything about India's infotech prowess. Nobody seems to know that several European infotech giants have established collaborations with Indian companies — Bull with PSI, British Telecom with the Mahindras and Nixdorf with Kale. It seems European companies are chary of telling their customers that part of their software comes from the land of snake-charmers.



A SOFTWARE DEVELOPMENT UNIT: *Ready to break EC barriers?*

One simple solution is that either New Delhi or the software companies in association could take out regular advertisements in European media and let the facts be known. Image-building exercises cost a lot of money, but they are indispensable.

■ Indian companies must establish a corporate presence within the EC — this year itself. This, again, is a very expensive proposition; only one or two software houses can manage this on their own. But the government, through one of its agencies, could set up some sort of a software park or software business centre in Europe, preferably in Germany or the UK. Such a facility would help the smaller companies to set up shop inside the Fortress.

■ The National Association of Software & Service Companies (Nasscom) should get the details of the infotech standards (harmonisation) being proposed and give these wide publicity. The association, with help from the government, must encourage Indian companies to match these standards.

■ New Delhi must take a firm stand on the prickly matter of intellectual property rights. There is no need to go into the details here, but we have a terrible record on this front. The present copyright laws are fairly adequate; perhaps a better demonstration of the government's will to implement them would help. One hopes that the efforts being put in by Nasscom, the Manufacturers' Association for Information Technology (Mait) and others show good results.

■ The cost of data communication must be reduced. There are many companies in the EC which would like their systems to be used during their off-time.

■ Although English will probably emerge as the major language of the EC, software houses would do well to run German and French classes.

■ The India Trade Centre staff should be put on fixed plus variable earnings so that there is some motivation to promote business. This centre is funded by the EC, but has yet to prove its usefulness in any meaningful manner.

■ At present, there are more than a dozen agencies that claim to be promoting software exports — Trade Development Authority (TDA), Trade Fair Authority of India (TFAI) et al. I've often wondered whether they talk to each other! They may have the best of intentions, but they tend to present a confusing picture about the Indian infotech industry to foreigners. We have to find a way to cut through this clutter.

■ One last, perhaps radical, suggestion. Our software companies need incentives to produce good package software. The presence of internationally-renowned products (legal or pirated) in the Indian market makes it hard for them to sell their own packages, no matter how good they are. So perhaps the government should think in terms of banning the Lotuses, dBases and Wordstars — if it can get such a stricture past Gatt and Super 301, that is!

□ P.D. Jain

The author is a former managing director of CMC.

There are too many institutions which are in the business of promoting the Indian infotech industry to foreigners. We have to cut through the clutter

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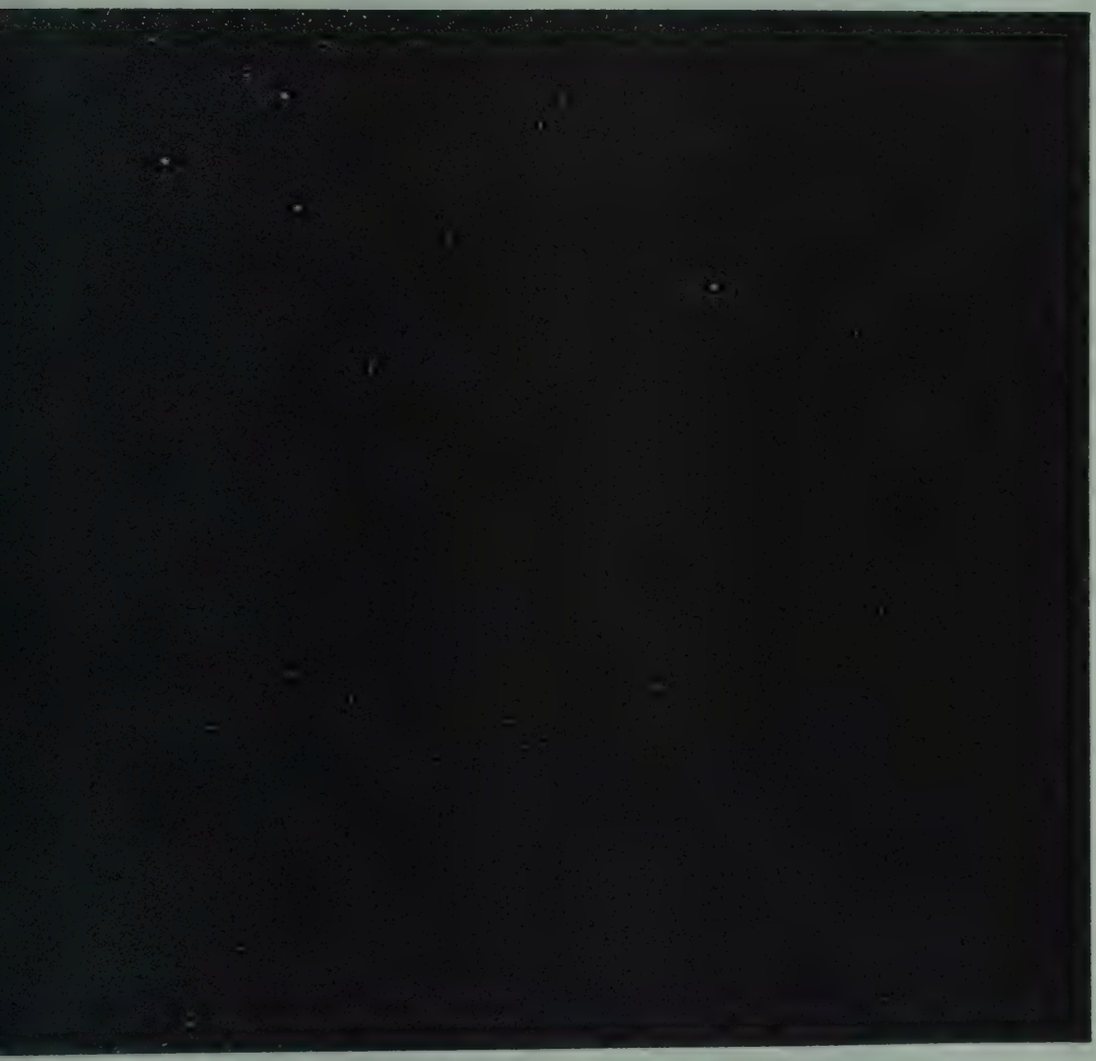
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Now think of what this power would mean in a complex area like freight handling Over 250 users across the country could readily access a common, and continuously updated database. Enabling quicker freight billing, and better control over freight movement.

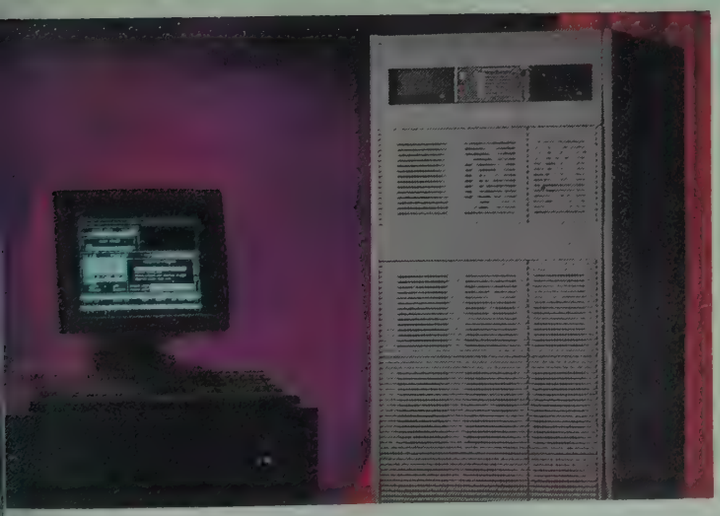


But transportation is just one area where Tata Elxsi can make a powerful difference. Banking, energy, oil, research, meteorology and manufacturing are some of the others.

(Telco, for instance, has just placed an order for six systems for their manufacturing plants and offices).

The most powerful - and the most easily upgradable - hardware in the country. A world-class software capability that allows us to tailor solutions to meet your exact requirements. Tata Elxsi offers you all this, as well as a host of specific design advantages unique to the Power Series.

To find out more about the Power Series, and what it can do for you, get in touch with us. Fast.



Power Series is the trademark of Tata Elxsi (India) Ltd., Oracle is the trademark of Oracle® Corporation.

TATA ELXSI

Superpower for computing

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lex: 0845-8522 RISC IN Regional Offices: Delhi: Ph: 6863010,6863020 Fax: 6863055 Tlx: 031-73123 TLXE IN Bombay Ph: 2025769,2040894 Calcutta:
294978,293742 Tlx: 021-5995 TTEL IN Fax: 474614

UNDERSTANDING SOFTWARE

Nobody's come out with a comprehensive survey on computer usage as yet. Still, we'll stick our necks out to wager that 80% of those who've got PCs in their offices don't venture beyond simple word-processing. Most of the rest dabble in elementary spreadsheets and databases. We'll bet, too, that 90% of the PCs that sit atop executives' tables across the country are in actual use for less than 10 hours an average work-week — unless, of course, you count the time spent on Pacman and assorted computer games!

Computers frighten people. We won't go into the reasons here; there are far too many. Today's professionals have learned to live with PCs, but only to the extent that the sleek machines form part of the office decor. The typical executive is still a long way from accepting his PC as a tool that can increase his productivity. Physically, he may be only inches away from his machine, but the distance between them is unfathomable.

PC Primer represents our attempt at bridging that gap. We're convinced that Indian industry won't come up to international standards until its executives begin to exploit their PCs to full capacity. So we'll tell you how to go about it, step by step. But before that, the first few articles in this series will deal with general PC-related matters that we feel you should look into.

Our experts will be happy to answer any questions/doubts that bother you, so feel free to write in.

Few computer users realise that legal copies of popular software packages like Dbase IV, Lotus and Wordstar can cost more than the machines on which they are run. And most who do, wonder why. I seem to have spent half my years trying to convince sceptical first-timers that what appears to be just a set of floppies is actually the heart, soul and brain of a computer; that without software, a computer is no more a utility than a mound of mud. They listen to me, nod sagely, and then, inevitably, come back to square one: "But why should these floppies cost so much?"

As we go along, PC Primer will look at specific software packages, explore their nuances and discuss, in detail, their strengths and shortcomings. But first, even at the risk of appearing a little too elementary, I'd like to take up this space in answering the question computer professionals encounter every other day.

What *is* software, anyway?

Computers can only process 1s and 0s. Obviously, it wouldn't be worth your while to operate in these terms, because we don't think or talk in 1s and 0s. Therefore, when central processing units (CPUs, which house the chips) are designed, an instruction set is defined. That is, a set of commonly-used operatives are defined to the machine. When these operatives are used, the machine understands the nature of processing it is required to perform.

You may have heard of RISC machines and CISC machines in this context. RISC stands for Reduced Instruction Set Computing. To reduce computing time, RISC machines operate with around 100 most commonly-used instructions. This saves on the time taken to scan through a very large number of instructions to process every request. The few times a complex instruction is required, the machine converts it into a combination of simple instructions.



CISC stands for Complex Instructions Set Computing. All PCs are CISC machines and operate with around 300 instructions. These instructions are very cryptic. Imagine having to use just 300 words to carry on a continuous, complex conversation.

What you need, therefore, is a basis on which you can interact with your machine on more "friendly" terms. It is this purpose that computer languages serve. They give you a much larger vocabulary, a basis to organise your own logic of what needs to be done. Basic, Cobol, Fortran, C etc are some of the languages you'll come across. Each has different capabilities and hence different vocabulary and logic. For example, most scientific applications used to be written in Fortran and Pascal which have good capabilities to handle calculations. Commercial applications are written in Cobol, which has good file organisation systems. Today, C is used for anything, from writing operating systems to interfacing with popular databases in a purely commercial environment.

Computer languages allow you to write out the logic of what you want the machine to do in a language you understand. The programs are then converted in terms of the instruction set and are executed to deliver what we ultimately want. But you still need to define the function and the procedure of performing it, using these languages. And these languages make this only slightly easier; remember, they are still largely cryptic.

Naturally, you wish you could do away with all these complex procedures and just state what you want — and get it. Pure business sense demands that when there are a large number of non-computer people who want to be efficient, and a few people who love staring at a screen and make a living out of it, they will take on the procedures and give you the functional benefit.

The cost of taking these procedures off your back is the cost of software packages.

Software packages are essentially standardised processes which offer utilities that can be adapted to a range of applications across organisations. For example, the need to maintain files pertaining to areas like customers, stocks and staff and accessing information for specific conditions from these files is universal. But the

information contained in these files and the conditions for information access will vary. A database software will provide you with friendly formats to enter the nature of information to be stored and let you state what exactly you wish to know in very simple terms. For example, you may say, "display customer name for outstanding debts greater than Rs 1 lakh" or "display employee name for basic salary greater than Rs 2,500."

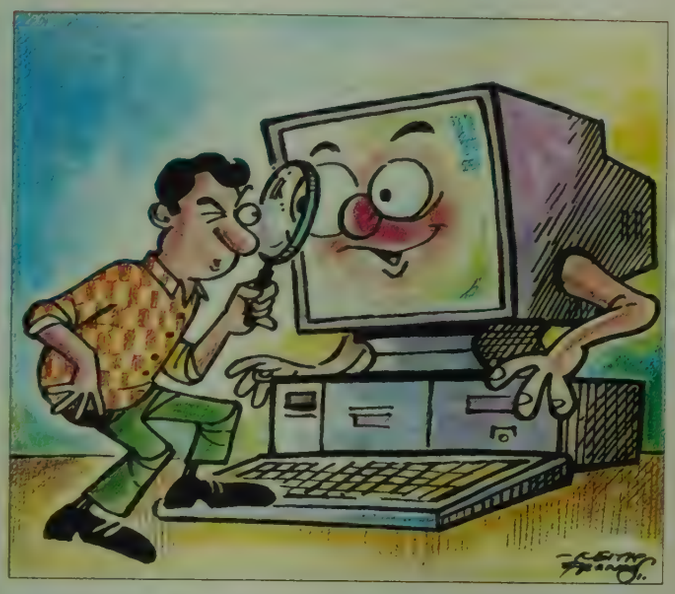
The conditions and information may vary but the procedures are the same. The software package takes on the burden of the procedure while letting you access information using a language. You may have to define the file and the detailed procedure for access every time you need information.

Therefore, if the function is well defined and needs to be performed regularly, using languages to write a program and running it whenever required is feasible. But when you need specific answers to ad hoc queries to enable you to take decisions, this may prove disastrous.

Even while using standard packages, your requirements would obviously transcend simple queries. You may want a series of information generated, calculations made and reports prepared in certain formats. To perform such functions, simple query languages are available with standard packages and can be used to write programs. Report formats can be designed using flexible tools where, again, the procedure is handled by the package and you need only define the parameters. These formats can be integrated into the programs and reports generated for specific languages.

Hence the proliferation of the use of software packages by non-automation professionals. And the low appreciation of the value they deliver!

When you need to computerise the entire procedure and processes of a department, these become well defined. They would need to be used everyday by a multitude of people to perform the same functions — generate bills, plans, whatever. The process would be complex and would need a computer professional to design the entire job in computer terms. He may decide to use a language, a standard package or a combination as a base, and design a specific package. This would be custom-built for the application. It is this process of developing software that most programming professionals are engaged in.



Custom-designed packages are normally developed while computerising office functions but are rarely used to increase personal productivity. Standard packages are user-friendly and can quite easily be mastered to deliver better efficiency.

Irrespective of which language or package you use, there is a software which relentlessly works for you. This is the operating system. While the application software delivers information that you desire, you use a complex set of hardware components — the CPU, the memory, the storage devices, the printers and so on. Each of these operate under varying speeds and interact with each other in certain ways to deliver what you want. For example, when you seek some information from a particular customer's file, this data and the conditions for which you seek information are available in a storage device. This is first accessed and placed in a high-speed temporary memory. Specific data and conditions are accessed from this memory and processed by the CPU. Much smaller modules of data may also be accessed by a cache memory before it is supplied to the CPU. Based on the processing, data might get written back on the storage device and a report printed on a printer.

The operating system is the software that controls and makes these internal interactions feasible. The operating system that you commonly use in your PCs is MS-DOS (Microsoft Disk Operating System). This is a single-user operating system. The most commonly-used multiuser operating system in India is Unix. This supports more than one user sharing one common CPU simultaneously. Your interaction with the operating system is normally restricted to copying files onto a floppy to transport data or erasing an existing file.

These high-value products, the result of months or years of development by highly-trained professionals, are contained in very unassuming-looking floppies. *Now* do you see why they cost an arm and a leg?

□ S. Prabhakar
The author is a senior research planner at Ogilvy & Mather.

THE LEXICON

A glossary of infotech acronyms, words and phrases that go over the heads of everybody outside — and quite a few inside — the world of computers.

DMP: Dot matrix printers. The images on the printout are formed by a set of dots. The most commonly used DMPs are 9-pin and 24-pin machines, with widths varying between 80 and 132 columns.

CPS: Characters per second. The measure of a DMP printer's speed.

NLQ: Near letter quality. Option often available on DMPs, to achieve better print resolution.

LQP: Letter quality printers, also known as Daisy-Wheel printers. These are similar to electronic typewriters in terms of print quality.

LP: Line printer. Has a print band of 64 or 96 characters and prints one line at a time.

LPM: Lines per minute. Measure of a LP's speed.

Laser printer: This machine uses laser technology to produce printouts.

DPI: Dots per inch. A measure of a laser printer's print resolution. The more the dots, the better the print quality.

PPM: Pages per minute. Measure of laser printing speed.

Computers and cosmetic surgery come face-to-face.

TAKING SHAPE

How would you like your face redesigned by a computer? Information technology hasn't got that far as yet, but Vijay Sharma and Nitin Paranjpae are pretty close.

Sharma, a cosmetic surgeon, and Paranjpae, a software whiz-kid, have pooled their expertise to develop a computerised system that can "modify" one's face and display a simulation of its post-surgery appearance on screen.

Earlier, Sharma used to show the patients the expected results of the proposed surgery either by making changes on their photographs or by simple line drawings. This process had a lot of limitations. Now, with this new computerised system, he can simulate the changes on their image on the computer screen itself, and patients can see exactly how they will look after the surgery.

Effective communication. The main advantage of this system, says Sharma, is that he can effectively communicate to his patients both the capabilities as well as the limitations of cosmetic surgery. "People come to me with fantastic expectations of miraculous transformations; through this medium, I can explain to them the realities of this science."

The simulation system comprises a video camera, an IBM compatible PC-AT for processing the image, a graphic manipulation software and a printer. The image of the patient is first captured on the screen using the video camera. This is then duplicated and presented alongside the original image. The expected results of the proposed surgery are then simulated on the duplicated image so that the patient can see the "before and after" images. He or she can then decide whether to go ahead with the surgery.

The two inventors are still working out the cost of the entire package. "We don't plan to market it immediately," says Paranjpae, explaining that he is yet to program the system for colour printing.

Paranjpae and Sharma are confident that this system, developed for the first time in India, will gain popularity. "Similar systems are available abroad, but at, exorbitant costs," says Paranjpae, adding that his system is highly cost-effective and can also function as a regular computer.

Which means, in addition to helping a patient select his new face, the system can also calculate his bill.

SHARMA (R) & PARANJPAE: *Pooling their expertise*



SDP kicks off a novel campaign to hawk WS floppies.

A SUBTLE PITCH

Sujata Data Products (SDP), the exclusive distributor of Wordstar (WS) in India, has devised an unusual promotional campaign for the latest version of the bestselling package. The Rs 3 crore Bombay-based company has tied up with an information technology magazine to distribute free demonstration copies of WS 6.0.

The August issue of the magazine had a bonanza offer in store for the readers. It carried a special sachet that contained the free demo disk. The campaign, a throwback to the days when music companies used to attach plastic 'recordettes' to popular magazines, cost SDP a whopping Rs 3.5 lakh.

Director Alok Gupta says the campaign was well worth the expenditure. "It helped us reach out to a wide professional audience free of cost." Free, because he had a mutually beneficial arrangement with the magazine.

The campaign, the first of its kind in India, had two objectives. Apart from promoting WS 6.0, it also made a subtle pitch for the floppy disk manufactured by Sujata Verbatim, SDP's sister-company. Says Gupta: "Those who use the demo will find the disk on par, in terms of quality, with imported or smuggled floppies." Sujata Verbatim has a technical agreement with Verbatim Corp of the US. The American outfit, formerly an Eastman Kodak company and now owned by Mitsubishi, has a 40% stake in the Indian setup.

New features. Gupta is confident that WS 6.0 will sell like hot cakes, although he won't discuss sales targets. The package is certain to do well in the short term; till the pirates get into the act, that is. WS 6.0 comes with a number of new features and has already received

rave reviews in the US and Europe.

Sujata Verbatim's prospects aren't as certain. Between 30% and 40% of the floppy disks sold every year are smuggled. Sujata and other Indian manufacturers like Nipha, Pinsel and Amtrex have so far failed to convince Indian users that their products are as good as the foreign brands. The Verbatim tieup, however, could go a long way in enhancing Sujata's image.

But then, Gupta's ambitions are not tied to Sujata Verbatim alone. SDP, which kicked off as a distribution firm 22 years ago, has come a long way since. Says Gupta: "The character of the company has changed completely." The Sujata group is now a multi-product manufacturer. "Our strategy has been to tie up with leading international companies to make truly international standard products," says Gupta. SDP has tieups with Teach and Oki of Japan, Seagate of the US and Cherry of Germany for an assorted range of computer peripherals.

The Sujata group now has four companies under its fold. The Hyderabad-based SDP makes peripherals, floppy drives, keyboards, printers, power supplies and monitors; Sujata Verbatim makes floppies; Sujata Digital Systems makes manufacturing systems; and Sujata Technical Services is mainly involved in servicing.

Alok Gupta clearly has a lot on his plate.



GUPTA: *Multi-product man*

Hexaware InfoSystems gets going.

IN APPLE-PIE ORDER

At last it's geared up and ready to go. Last fortnight, computer training outfit, Apple Industries' software export subsidiary Hexaware InfoSystems Ltd (HISL), got a new chief executive in former banker N. Padmanabhan. His immediate task was to flag off HISL's operations on 12 September. That done, Padmanabhan wasted little time setting the priorities for his charge. Says Padmanabhan: "HISL is a start-up outfit with a long-term vision. Oops is our philosophy — on-site, offshore, products and solutions. We will concentrate on offering infotech services to the financial services sector."

The company's operating platforms will be IBM, Unix and DEC Vax. And the turnover target for the year to June 1992: Rs 1 crore. Part of that is already in the bag in the shape of a Rs 10 lakh domestic order. And the first international order is expected to come through in end-October. Though operations have commenced, HISL's software development facility, set up at a cost of Rs 1 crore, is to be inaugurated in October. Says Padmanabhan: "Unlike many other firms which are in the business for quick returns, Hexaware has entered this segment with a long-term vision like that of TCS (Tata Consultancy Services) and Citicorp Overseas Software Ltd (Cosl)."

Main markets. Padmanabhan is eminently qualified to take over the reins at HISL having worked for 15 years with Kuwaiti banks and as a senior consultant with Cosl. The main markets he has identified for HISL are the US, Germany, France, the UK and Japan. Padmanabhan says the company will eventually concentrate more on offshore projects and products. Says he: "The industry ratio of 80:20 (on-site: offshore) should, in due course, be brought down to 40:60."

According to him, there are several reasons why Indian firms are losing out in the highly-competitive $3 trillion international software market. Says he: "We are weak in international marketing, project management and process quality." That apart, he adds, "there is a lack of personnel having hands-on experience on Unix machines and also in banking applications."

PADMANABHAN: *Long-term vision*



To tide over the marketing bit, HISL is scouting the overseas market for strategic alliances. And Padmanabhan is leaving nothing to chance; he has taken charge of the marketing portfolio at HISL. And as far as the trained personnel aspect is concerned, HISL will benefit from the Apple link. Says Padmanabhan: "We have a ready training base and six of the 18 personnel presently employed with us are Apple-trained graduates." That's in-house sourcing for you.

LAUNCHES



■ Delhi-based **MDP & Business Consultants** has developed a made-easy DOS product, christened EZ-DOS, to "enable the computer-user to fully comprehend the resources of his computer with minimum effort."

EZ-DOS helps users to understand DOS commands, DOS utilities, batch files and the DOS editor Edlin. It also contains a glossary of computer terminology.

The product, priced at Rs 1,000 apiece, can be run on PC/PC-XT/PC-AT machines, working under different versions of DOS. **Contact:** Megasoft, MDP & Business Consultants, H-24, Green Park Extension, New Delhi 110 016.

■ Bangalore-based Advanced Micronic Devices (**AMD**) has joined the 486SX bandwagon with the release of its new product, Micronics 486SX, based on the revolutionary 32-bit Intel chip.

Priced at Rs 90,000, the product provides a low-cost entry point for i486-based desktop computing. It is compatible with the X86 family of processors and can run popular operating systems like DOS, OS/2 and Windows 3.0. The company claims it can run applications like Lotus, dBase and Oracle 40% faster than 386DX-based machines.

AMD is offering mother-boards to OEMs, value-added hardware resellers (VAHRs) and value-added software resellers (VASRs) at an entry-level price of Rs 45,000. **Contact:** Advanced Micronic Devices, Arun Complex, No 65 DVG Road, Basavanagudi, Bangalore 560 004. Phone: 607800, 607837. Telex: 0845 8332 MD BG IN.

HAPPENINGS

■ The National Institute of Information Technology (**NIIT**) has decided to award Bhavishya Jyothi **scholarships** to encourage computer studies. The country's premier computer education company will offer an unspecified number of scholarships in 55 towns and cities over the next five weeks.

According to NIIT managing director Rajendra S. Pawar, the scholarship plan will cover, among others, students who, for economic reasons, have never had the opportunity to join computer training schools earlier. Other candidates will be selected on the basis of an all-India entrance exam and subsequent interviews.

Top-ranking students will be awarded full-fee waivers for NIIT courses in addition to a monthly scholarship amount. High-scorers will receive fee waivers ranging from 50%-75%.

■ The good news for Mac-maniacs comes from **Raba Contel**: Apple Computer has started shipping the long-awaited Macintosh System Software 7.0.

System 7.0 is claimed to be a broad, evolutionary revision of the Macintosh system software, providing exciting new capabilities and greater ease of use to Mac-users. Apple says it is "the most dramatic advance in Macintosh personal computing since the launch of the original Macintosh in 1984." System 7.0 can be run on Macs that have more than 2MB of memory and a hard disk. The innovative new features (too many to be discussed in detail here) should send devoted Mac fans into a tizzy. **Contact:** Arun Nath, director, Raba Contel, Adhitam Kendra, Qutab Institutional Area, New Delhi 110 016. Tel: 6863901/05. Fax: 6863291.

■ Bangalore's **Cromputers** has developed a state-of-the-art software MISS (management information system series) for educational institutions.

The highlight of the menu-driven package is a Teacher's tool kit, which helps teachers develop and maintain "question banks" for the design and administration of exams. Another module makes for continuous and comprehensive evaluation of student performance. The package comprises six modules, each designed to provide solutions to various aspects of school/college management, like fee collection, library management, inventory and stores, staff database and the like. **Contact:** Cromputers, 493/C, 8th Cross, 7th Block West, Jayanagar, Bangalore 560 070. Phone: 605293.

EVENTS

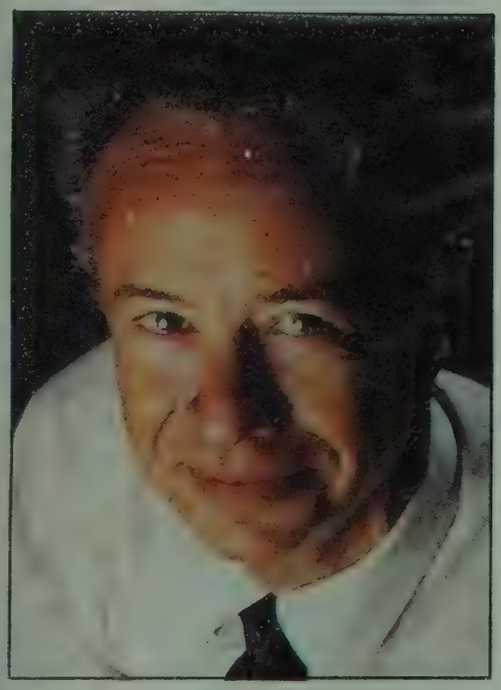
■ A PC workshop in which participants will be able to gain hands-on experience of the latest developments in programmable controller systems will be a major feature of the **1991 Total Solutions Exhibition** in Birmingham, from 29-31 October 1991.

The workshop will feature demonstrations by programmable controller manufacturers like Allen-Bradley, Siemens and Klockner Moeller. Associated software, communications, interfacing and ancillary products will also be on display. **Contact:** Diana Smith, Evan Steadman Communications Group, The Hub, Emson Close, Saffron Walden, Essex, England CB10 1HL. Fax: +44 799 26088. Telex: 81653 INFORM G.

■ Birmingham will also host **Electro-Tech '92**, from 20-24 July 1992. The expo, which brings together the well-established exhibitions, Electrex and Power Plant International, will be free to pre-registered and overseas visitors and students.

But if you're hoping to set up a stall, better hurry. Some 630 companies have already applied; only a third of the 50,000-square-meter space remains. **Contact:** Electrex Ltd, Wix Will House, West Horsley, Surrey, England KT24. Fax: +44 483 224321.

It seems too much of a coincidence. Only a day after US semiconductor-maker Advanced Micro Devices (**AMD**) filed a $2 billion anti-trust lawsuit against rival



GROVE: *Facing flak*

Intel, **Siemens**, the German electronics giant, hawked off its 9.9% shareholding in AMD.

Siemens had acquired its stake in AMD in 1977 when the two companies were planning joint ventures in circuit board-manufacturing. Although these ventures fell through, Siemens decided to retain its shareholding as an investment. But not any longer. The company now says there is "no business reason to continue to hold the stock."

AMD, meanwhile, says that the German company was to place orders for its new 386 microprocessor, the chip that is the bone of AMD's disputes with Intel. AMD has charged Intel chief Andrew Grove with an attempt to limit competition in the microprocessor market and keep it out of the business. It has alleged that Intel conspired with other computer-makers and component distributors, persuading them not to buy from AMD. Intel's reaction: "Ridiculous."

IBM continues to make waves in the midrange systems market. One of the few segments of the computer market that continues to grow at impressive rates, it represents IBM's largest single source of revenue ($14 billion in sales last year), overtaking both mainframes and PCs. And, to cash in on this strategically-important market, the company has launched a new low-cost minicomputer. The new machine, the smallest in IBM's technically-innovative AS\400 family, will be direct competition for systems from **Sun Microsystems** and **Hewlett Packard**.

IBM, however, has found it impossible to dominate the midrange market, thanks to the large number of suppliers in this field who provide machines ranging from powerful workstations to small mainframes.

IBM is in no immediate danger of losing its status as the world's largest computer manufacturer, but **Fujitsu** chairman Takuma Yamamoto and president Tadashi Sekizawa certainly are not content with their company being no 2.

Continuing on their acquisition spree, the duo has invested $40.2 million in **Hal Computer Systems** of Campbell, California, a promising start-up that aims to build computers that outperform IBM mainframes. Hal Computer (founded last year by a former IBM engineer) is developing computers based on Sun Microsystems' Sparc microprocessors. Fujitsu is one of the six chip-makers licensed by Sun to build Sparc chips.

YAMAMOTO (L) & SEKIZAWA: *Another takeover?*



The bits and bytes from old Blighty aren't really that hot. But the British computer-maker **ICL** (now owned by Fujitsu) has done quite well for itself. It has bagged two large personal computer (PC) contracts valued at over £11 million. Besides, three French regional banks have placed orders worth FFr46 million for more than 1,500 PCs. And, in the UK, British Gas has reappointed ICL as its sole supplier for PCs to its UK group business for the second year running.

Integral Peripherals, a start-up US company, has unveiled the first 4.5-cm hard disk drive. The palm-sized system is expected to pioneer the next generation of disk drives. Integral has begun shipping test units of the Mustang 1820, a 20-megabyte drive, and plans to begin volume shipments by the fourth quarter. Volume shipments of a 40-megabyte drive, the Stingray 1842, should begin by mid-1992. The 4.5-cm drives are smaller and lighter than the current generation of 6.35-cm drives.

The miniaturisation of the computer doesn't stop at drives. A group of researchers from Syracuse University of the US has found an unlikely device for data storage in a molecule — a protein isolated from bacteria found in salt marshes!

The researchers optically stored and retrieved data in three dimensions in a tiny block made of molecules of bacteriorhodopsin. (In a silicon chip, information can be stored only in two dimensions.)

Molecular electronics is an emerging field that promises to push electronic computing beyond the fast-approaching practical limits of silicon chips. It's probably only a question of time before the Japanese — the masters of miniaturisation — pick up this new find and build a wrist-watch-sized PC-AT around it!




OCM
SUITINGS
PERFECT FABRIC
of VXL India Ltd.
SUMANGAL
and oth
ble at
ing stores.

ACC's prospects look brighter than ever.

BULL FAVOURITE

Amid the bulls and bears of Dalal Street and Lyons Range, it does not go down like cement. As a matter of fact, cement only goes up and up. When history is written about the early nineties boom, what will certainly figure very prominently is the spurt in cement shares, which have doubled and quadrupled in the past few months. Even for a number of multi-divisional companies like Century, Indian Rayon and Grasim, the upward takeoff in equity prices has been fuelled by the profitability prospects of their cement businesses.

The supernova among all of these has, without question, been Associated Cement Companies (ACC), which has significantly outperformed the index, and virtually all the other shares in the market. In early 1990, the share was at an unloved level of Rs 350, inching upwards to around Rs 500 in May. The real pyrotechnics began after the 1989-90 results were announced and, within weeks, the price had soared to Rs 1,000, then to Rs 2,700 in March 1991, and currently to Rs 3,800-plus. This appreciation of 10 times in the course of some 20 months beats hollow the catapulting Tata Steel saw in its equity price in the 1983-85 period, and sets a new record for any market leader.

And it seems that, like Oliver Twist the marketmen are wanting more. It has to be seen how long the bears, who have been really badly gored by the bulls, continue to skulk in their dens, and perhaps, they are already cautiously peering out. But if the stockmarket index continues strong, a price of Rs 4,000 for the ACC scrip seems almost inevitable, though whether the level will be maintained or not is an open question.

ACC's 1990-91 annual results contain enough indication for short-term, or even long-term, optimism. At a production and sales level of 7.4 million tonnes (that is 148 million bags of 50 kg each), the company's realisation was Rs 1,067 crore, which makes for an average of about Rs 72 per bag of grey cement. Prices post-March 1991 have been much higher, and industry sources indicate that the national weighted average currently would be about Rs 105 per bag. While costs have undoubtedly gone up very sharply — especially of energy (coal and electricity) and transportation — it is also likely that, at present, profitability margins for the cement industry have improved.



CEMENT HOUSE: *Concrete progress*

Of course, there have been murmurs that the cement industry is "profiteering," and the suggestion that price controls be re-imposed has surfaced again. In fact, the Monopolies & Restrictive Trade Practices (MRTP) Commission made an enquiry towards the latter part of last year and, pending the enquiry, the cement industry imposed a voluntary freeze on prices. The judgement, delivered on 29 January 1991, found inadequate evidence of cartelisation, although price "parallelism" in various regions of the country is certainly there. Furthermore, it was established that the industry's contention about rise in input costs was not invalid.

CONTROLS UNLIKELY

The prevalent climate governing national economic policies is one which sees virtues in allowing market forces to (at least in part) determine prices and, therefore, re-imposition of cement price control is unlikely. With demand growing pretty smartly, price levels are unlikely to sag. ACC marketing director R. Bhattacharya points out that even with a somewhat sluggish economy, the current growth rate of demand is around 6-7%, against 8% compounded in the past five years.

The only possible glitch in the next few months, according to Bhattacharya, is the prospect of cutbacks in government spending. Even here, however, there are mixed trends. The Asian Development Bank, for example, has promised substantial sums for India's road-building programme — with the proviso that the new roads be of concrete. The possibility of private sector entry into road building would, again, mean more concrete roads. Further,

growing demand for housing, and the budgetary incentives provided for foreign exchange inflow into this sector from non-resident Indian (NRI) sources with no questions being asked, promise a smart growth rate.

Bhattacharya points out another definite trend over the past 7-10 years — a distinct shift of cement sales towards the rural areas. Around 20 years ago, cement offtake used to be mainly an urban matter, with villages making do with whatever flowed to them from the cities and the towns. Today, half the annual production of 50 million tonnes of cement per year is sold directly in rural areas. And ACC, the only cement company in India with a countrywide spread of manufacturing plants, has obtained the maximum advantage of this.

HARD DECISION

Above everything else, ACC has in the past year or two been able to get its act together to take the tide in the affairs of the cement industry at its flood. The sale of six loss-making units in 1989 and 1990, shedding 1 million tonnes per annum (tpa) of capacity, was a hard decision at the time, and today it could be asked whether, with the turnaround in the fortunes of the industry, ACC would have been quite as ruthless if foreknowledge had been there. As things stood, what loomed large in 1989 was the immediate prospect of substantial losses. And, with the axing of its weaker units, ACC has been able to better nurse its other profitable units. The loss in production from the units that have gone has been made good from existing units.

The problems of the 1 million tpa unit at Wadi, for example, was tackled on a war footing. Wadi, which was commissioned in 1982, had taken endless time to stabilise, and was still working at a mere 75% of capacity. If ACC had constantly found itself in a financial bind in the eighties, an important reason was Wadi. The original cost estimate was Rs 70 crore, but the company was to spend almost twice as much before bottlenecks at the plant were fully ironed out. Today, Wadi is one of the most efficient units in the country, working at 110% capacity.

ACC technical director M.L. Narula, who spearheaded the Wadi streamlining effort, speaks of the company's other major thrust — which was to make the maximum possible process



GANGULY: *The brains behind a blue chip*

economies, especially in the matter of energy conservation. For instance, at Wadi itself, retrofitting existing cement grinding mills reduced power consumption by 25%, resulting in a saving of Rs 1.6 crore a year. This is only one example out of a whole myriad — whether in the energy area, transportation or packaging.

DIRECTIONAL CHANGE

ACC has become the country's first cement company to set up coal washeries in its cement works. And ACC director (projects) A. Krishnamurthy says that there is today a significant directional change in the company's computer systems area. An on-line system is being used directly as a management decision tool, whether for the manufacturing, technical or marketing disciplines. And ACC will be among the first users of the Remote Area Business Messaging Network to be started soon by the government's telecom department, which will allow it instant communication with all its far-flung units.

All in all, therefore, significantly improved operational efficiencies, combined with firm market prices, will probably allow the company to post another year of record profits, and the pre-tax surplus for 1991-92 should be significantly better than last year's. The stockmarket is very optimistically ignoring the possibility of higher taxes, and is pitching its hopes on an earnings per (Rs 100) share of Rs 250 in the current year, against Rs 200 in 1990-91. Moreover, it is looking at the longer-term prospects of ACC's large capital-spending programme.

There is little doubt that ACC is running hard today to make up for lost time. Its modernisation and expansion schemes are impressive. The Gagal unit in Himachal Pradesh (a deficit area for cement), which has a current capacity of about 0.5 million tpa, will go to over 2 million tpa by end 1993, and the cost will be a cool Rs 270 crore. Similarly, Rs 170 crore is being spent at Kymore in Madhya Pradesh, and projects involving some Rs 200 crore are on the drawing board for various other locations.

The objective is to reach a capacity of 11 million tpa by 1994, and thereby maintain marketshare in the expanding domestic cement industry. And, together with the mainstay cement manufacturing business, related (though smaller) business divisions like refractories and research and consultancy are now being made to contribute to profits. Further, the company is demonstrating its new philosophy of taking care of the pennies by undertaking commercial housing development on excess land at its various manufacturing locations. ACC may even take advantage of its national marketing network to sell cement manufactured by smaller companies. The net effect will be to move cement from the surplus southern states to the north and thereby serve a national objective.

If ACC is today a completely recharged organisation, it is in the largest part due to the firm leadership provided by its executive vice-chairman & managing director Subrata Ganguly. Post-1988, after Darbari Seth reasserted ownership control of the company on behalf of the Tatas, the entire organisational strategy has been spearheaded by Ganguly. When he came into the organisation as the seventh managing director in 10 years, ACC was in a state of shock with a cash squeeze, indebtedness, losses, and low morale choking the company. Ganguly ended the prolonged talk about shedding loss-making units

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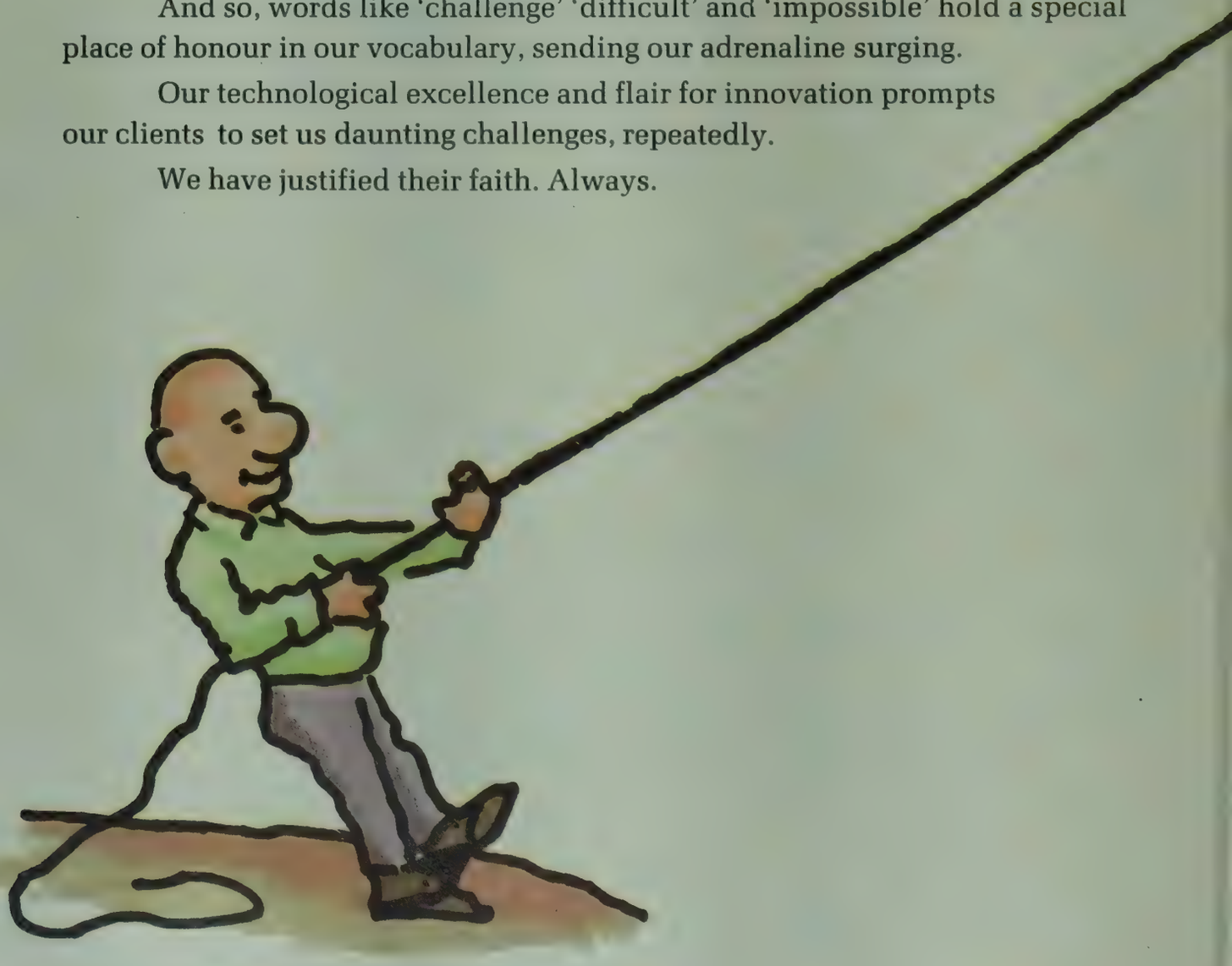
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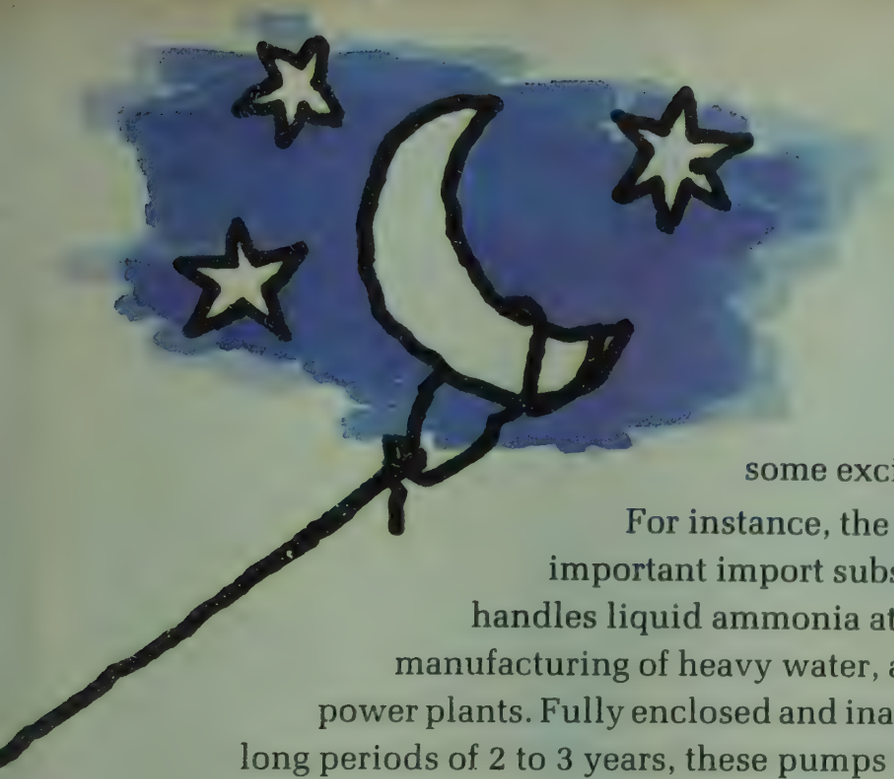
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"ACC WILL MAINTAIN LEADERSHIP"

BusinessWorld *spent a number of hours talking to Subrata Ganguly, executive vice-chairman & managing director of ACC, at his Bombay office. Excerpts:*

■ On ACC.

When I came to this company at the end of 1988, I found a patchwork of problems, and tremendous potential. Today, uncertainty and low morale are things of the past. Profits are there. And we are undertaking substantial capital spending programmes for expansion and modernisation. The objective is to maintain ACC's leadership in the cement industry.

■ On prospects of possible re-imposition of price control on cement.

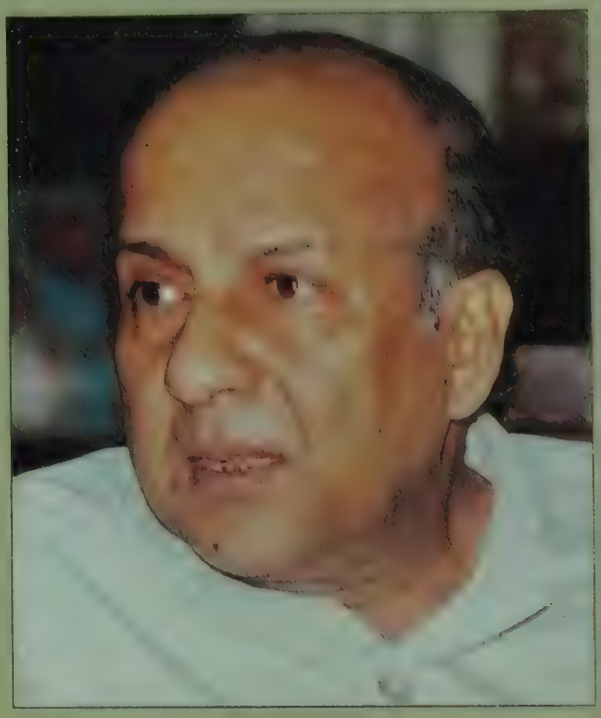
The belief that prices are unacceptably high is perhaps mistaken. The range of prices — between Rs 75 and Rs 125 per bag in various parts of the country — is due to high freight, and varying rates of sales tax and octroi. Today, a greenfield site, 1 million tpa (tonnes per annum) plant would cost over Rs 300 crore, and a fair selling price for such a plant on a normative basis would be Rs 130 per bag. The current surpluses are needed by the cement industry for its growth. The manufacturers' association is liaising with the government and hopes to establish its point of view.

■ On his past career at ICI.

The 24 years I have spent in ICI have given me remarkable exposure and training in diverse disciplines. It has been a great organisation to work for, because ICI as a company has never compromised on professional standards and professional integrity.

■ Past career (contd): IPCL.

It was a high point for me. The organisation already had excellent standards of professionalism. It was a unique opportunity to attempt a directional leadership there. In those five years, Rs 700 crore worth of projects were undertaken at Baroda and, also, the giant Rs 1,400 crore Nagothane complex.



Towards the end, of course, there were a few problems when pressures arose from political circles. But these are unavoidable in India's public sector, and part of life's ups and downs.

■ On Haldia Petrochemicals.

I feel that Haldia Petrochem is fully viable, and will happen. In the past 16 months, we have achieved a great deal — selected technologies, firmed up the product mix, submitted applications for foreign collaboration and capital goods licences, commenced work at the site, engaged Engineers India as principal engineering contractor, obtained letters of intent for Rs 950 crore in loans from financial institutions, and started a dialogue with international financial institutions and the IFCI (Industrial Finance Corp of India) and IDBI (Industrial Development Bank of India), with due government support. The negatives are devaluation, inflation, and that the foreign exchange is not yet secured. We are toying with the idea of foreign equity participation. Of course, the earlier estimate of Rs 3,000 crore will have to be revised, and perhaps the scope of the project will have to be looked at again, without affecting its integrity or viability. The merit of the project is, however, not in question, nor its economic viability, and we should be able to satisfy all the international lending agencies.

High interest rates could, however, affect the economics of all mega-projects. In India, the cost of money will go up sharply before coming down. Haldia Petrochem may have to ride the interest peak by spending equity first, and then go in for borrowing.

with a single, swift surgical operation by completing the sale of four factories.

Thereafter, Ganguly concentrated on toning up efficiency in all operational areas — technical processes, marketing and distribution, and finance. And importantly, he ensured that laggard units like Wadi came up to scratch, and a Rs 47 crore investment at Madukkarai, Tamil Nadu, was completed quickly and commissioned.

Madukkarai had been undertaken at a 4:1 debt-equity ratio, which would have made it vulnerable had there been time overruns. Today, within a year of its commissioning, the unit is running at 100% capacity. This is a first in ACC's long history — normally, cement units take about three years to reach full production.

The miracle that Ganguly has achieved at ACC is to a degree masked by the turnaround in the cement industry's fortunes. But ACC would not have been where it is today had not morale and systems been restored, laggard units made to work at full capacity, and key people, who had left the organisation (including directors Bhattacharya and Narula) motivated to return. An old company, with its pre-set culture and inertia, has been nudged to gradually move in the direction of change and towards more competitive times. And it is Ganguly who has been masterminding the entire difficult act.

Ganguly's colleagues — whether senior executive directors, or management staff relatively junior in the

company's hierarchy — when talking about their executive vice-chairman and managing director, mention his unique ability to motivate, letting each person take his own decisions and, at the same time, form clearly-reasoned and firmly-held views of his own; his clarity of vision and thought, combined with adept management of conflicts; the large canvas of his thinking and his technical expertise; the fact that he never postpones decisions; his open-door policy, constantly encouraging everybody in the organisation, down the line, to come to him with new ideas; imposing responsibilities in order to test people, and at the same time, playing a key supportive role; his strong ethics, fairness and cleanness; and above all, the good humour and the humanity of the man.

CONCERN FOR OTHERS

A former colleague at ICI relates an anecdote about this company's sales staff in Assam when the All Assam Students' Union agitation had just broken out. From his managing director's office at Alkali & Chemicals Corp (one of the pre-merger ICI companies in India), Ganguly communicated with all the company's 20 or 30 people in the north-eastern state, and told them to use their own discretion when it came to taking decisions about their personal safety, or the safety of their families. In other words, if things got too hot, there was no need to check with the head office — the staff could immediately clear out, with their families, to whichever destination they chose, and then communicate with him.

Thereafter, he checked whether the staff, as well as their families, had been provided insurance cover for any contingency or threat to their personal safety. When informed that while the staff was covered, families were not because rules did not permit it, he said: "Change the rules." Decision time: 10 seconds. The person narrating the anecdote used this as an illustration of Ganguly's humanity as well as his decisiveness.

With those who work closely with him, therefore, there is a litany of praise all the way. But to cast the net further afield, and to look towards the leaders of industry, Ratan Tata says that Ganguly is a man he would like to see more and more involved in the affairs of the Tata group; and Ashok Ganguly, former chairman of Hindustan Lever and currently Unilever research director, regards him as a "great and farsighted manager and technocrat, and a great motivator."

ACC chairman Nani Palkhivala paid a special tribute in his 1990 chairman's speech, putting on record his view that ACC's turnaround would have been impossible without Subrata Ganguly. Darbari Seth has specifically chosen him to spearhead the Haldia Petrochemicals effort. And Hindustan Lever chairman S.M. Datta finds it difficult to go on record in a few phrases about Ganguly, simply because he has known him for a very long time and very closely. What Dutta felt could perhaps be summed up in a short line — "a very good man." It may therefore be worth looking a little closely at the career of this very magnetic personality.



Ganguly today is a man with a mission — to give shape to the Haldia Petrochem project

Subrata Ganguly (58) worked in ICI for some 24 years till 1982, during which period he was (at various times) director-in-charge of the company's giant Panki fertiliser factory, concurrently technical director and personnel director for the group, and managing director of Alkali & Chemicals Corp, one of ICI's four large pre-merger companies. He left to become chairman & managing director of the public sector Indian Petrochemicals Corp Ltd (IPCL) between 1983 and 1988. For a little more than two years, between 1986 and 1988, he was also non-executive chairman of Engineers India. He joined ACC towards the end of 1988.

Ganguly today is a man with a mission — which is to give shape to the Haldia Petrochemicals project, where the Tatas have proposed to partner the West Bengal government. Earlier in his career, two or three concurrent responsibilities have posed little problems for Ganguly; and currently, after spending four gruelling workdays at ACC's Bombay headquarters, he takes off on Friday for Calcutta, and works similar schedules over the weekends in Calcutta. Working quietly and behind the scenes, it is his determination that many people regard as the crucial "X" factor which may serve in making Haldia Petrochemicals a reality.

There are perhaps some explanations for this dream, apart from the obvious satisfaction Ganguly would have as a brilliant technocrat in setting up a great industrial undertaking right from scratch. His former organisation, ICI, had many years ago toyed with a petrochemicals project before passing it on to the state sector. Ganguly was personally responsible for bringing the Tatas and the West Bengal government together. Further, with his experience at IPCL, Darbari Seth could not have obtained a better man to conceptualise and guide the project's implementation.

But before his chairmanship at



At IPCL, Ganguly gave the organisation a sense of direction and optimised plant capacity, output and profits

IPCL, Ganguly's brilliant career at ICI leaves open a question why he did not reach the apex of that company. To this day, people, both within and outside ICI, say that had Ganguly become chairman, the multinational would have become a changed and much more successful company in this country. When directly posed the question, Ganguly says that, contrary to common wisdom, the London headquarters had clearly indicated that he was in direct line for chairmanship. However, since the company had made a number of strategic errors, and missed a number of opportunities, Ganguly felt that when the time came, he would have to carry the burden of the past. To this day, ICI, though an extremely well-run organisation, has to live down what has gone wrong way back.

Moreover, the IPCL opportunity came by, with all the promise of its excitement. Three years after he left the company, IPCL people at Baroda still speak highly of the direction he lent the organisation, how he optimised plant capacity, output and profits, and the enormous efforts he put in for the giant Rs 1,400-crore Nagothane project. Nagothane, in fact, came along superbly as long as Ganguly was in charge. The accident at the site just before commissioning late last year was the kind of glitch, perceptive observers feel, which would never have occurred had Ganguly been there.

There are, in fact, some who carry the argument still further and say that Ganguly's departure from IPCL was a loss not merely for the company, but also the government because he should have gone on to a key advisory position. But it is well known that in 1987 and 1988, Ganguly crossed swords with the various powers-that-be in government and in industry. First, he gave the opinion the Haldia petrochem project was viable, when New Delhi wanted to hear otherwise (the fact that, in 1989, Rajiv Gandhi okayed the project was a matter of electoral compulsion). Further, it was perhaps perceived by some private sector industrialists, among whom Dhirubhai Ambani's name figures prominently, that IPCL under Ganguly was becoming too dominant in India's burgeoning petrochemicals scene, and therefore thwarting their ambitions.

Perhaps it is a gain for industry that Ganguly has remained in a commercial organisation and not joined the government. But his access to the corridors of power in New Delhi remains unequalled. The cement industry, in particular, has reason to be grateful that he is a key spokesman for them on the current issue of high cement prices.

Ganguly's reaction, when asked about all this, is to laugh it all off, and turn to the matter at hand — Haldia. Questions about the project's viability still remain, with the post-devaluation cost likely to be nearer Rs 4,000 crore compared to original estimates of Rs 3,000 crore. Problems are there with the foreign exchange component of Rs 650 crore. Ganguly is open-eyed about the negatives, and lists them himself, but also points to substantial achievements so far (see interview p 60).

A great drawback about Haldia is in its location — not because of feedstock supplies to West Bengal, but simply because after long industrial decline, the state is immured in negativism. And the matter had earlier become much too politicised. Ganguly's low-profile style of operation has perhaps helped matters — it is just possible that the proposed petrochemicals plant is no longer regarded as the only salvation to industry in West Bengal, but just as one more project which may help in the state's economic revival.

Today, Haldia Petrochemicals is a likelihood if only because the reputations of the Tatas, and of the West Bengal chief minister, are at stake. Unlike IPCL or National Organic Chemical Industries Ltd (Nocil), Haldia will not be quite as profitable because of high capital costs. But it is important as a symbol of new industrial investment in West Bengal, and in all of eastern India. And today it is Ganguly who has chosen to shoulder the responsibility of trying to make it happen. For a change, it is a case of the right man being in the right place at the right time.

□ Subrata Roy

ACC: FROM STRENGTH TO STRENGTH

(Rs crore)

	1988-89*	1989-90	1990-91
Share capital	55.96	55.96	55.96
Reserves & surplus	81.30	89.28	182.42
Loans	304.93	282.31	255.46
Fixed assets	335.76	304.75	286.40
Investments	3.24	3.24	56.40
Net current assets	110.93	128.92	160.62
Sales	600.06	990.98	1,176.03
Profits before extraordinary items & taxation	2.54	26.68	141.58
Extraordinary items	8.18	5.34	10.86
Taxation	—	3.54	20.30
Net profit	(5.64)	17.79	110.41
Dividend (%)	—	15.00	30.00
EPS (Rs)	—	31.80	197.33
Share price: High	425.00	414.00	2,030.00
Low	121.00	294.00	1,300.00

Note: The scrip has since climbed to a new high of Rs 3,810 on 13 September.
* Eight months.
Source: Annual reports.

Weston Electroniks has struck a bad patch.

NOT IN FINE NICK

It has not yet gone west, nor is it likely to. But the shareholders of Weston Electroniks must be repenting the day they subscribed to the company's equity. At Rs 18 per share (including a premium of Rs 8), it looked a plum pick during the rights-cum-public issue in May 1990 when the market price was around Rs 50. But now, the boom despite, the scrip has been battered down to Rs 20. And, with an earning per share (EPS) of around 40 paise in 1990-91, which could force the company to skip dividend for the first time in the past 10 years, Dalal Street is likely to give a further thumbs down.



SUNDER VACHANI: *Making a bounceback bid*

The poor performance of 1990-91 is in sharp contrast with that of the previous year. In 1989-90, Weston had recorded a net profit of Rs 1.64 crore on a turnover of Rs 99.07 crore. The EPS was a healthy Rs 7.27. What provoked the sudden dip in sales and the profitability plunge?

"It is a period of transition," explains general manager (finance) S.N. Dhawan. During Weston's money-spinning years, the top brass decided to change its thrust from domestic marketing to component manufacturing and exports. And that is yet to pay significant dividends.

"We realised long ago that one cannot have a strong base in consumer electronics unless most of the components are built in-house and we started building that base. The emphasis was increased last year," says managing director Sunder T. Vachani.

But that tells only half the story. One important reason for the slump is that Weston has lost its hold over the television market, which it had built over 15 years, thanks to the entry of three newcomers in the field — Onida, BPL and Videocon.

The TV market has seen a lot of changes in the past few years. In the rapidly-growing portable black & white segment, the small sector has conquered the rural areas with its cheaper brands. In colour TVs (CTVs), new entrants have stolen a march because of vigorous marketing and the lower costs which ensue from mere assembly and not manufacture. "They believed in screwdriver technology to make a quick buck, while we were concentrating on indigenising the sets," says Vachani. Whatever the reasons, the fact remains that Weston's ranking in the TV industry slipped after 1985.

THE WESTON GHQ: *Working out strategies*



It didn't matter too much when the market was expanding; Weston may have kept on losing share, but volume sales compensated for the slowdown in tempo. The crunch really came when market growth turned negative in 1989. With increased production and limited demand, profit margins came under pressure. To keep their plants running and meet overhead expenses, many of the small manufacturers started selling TVs at even cost price.

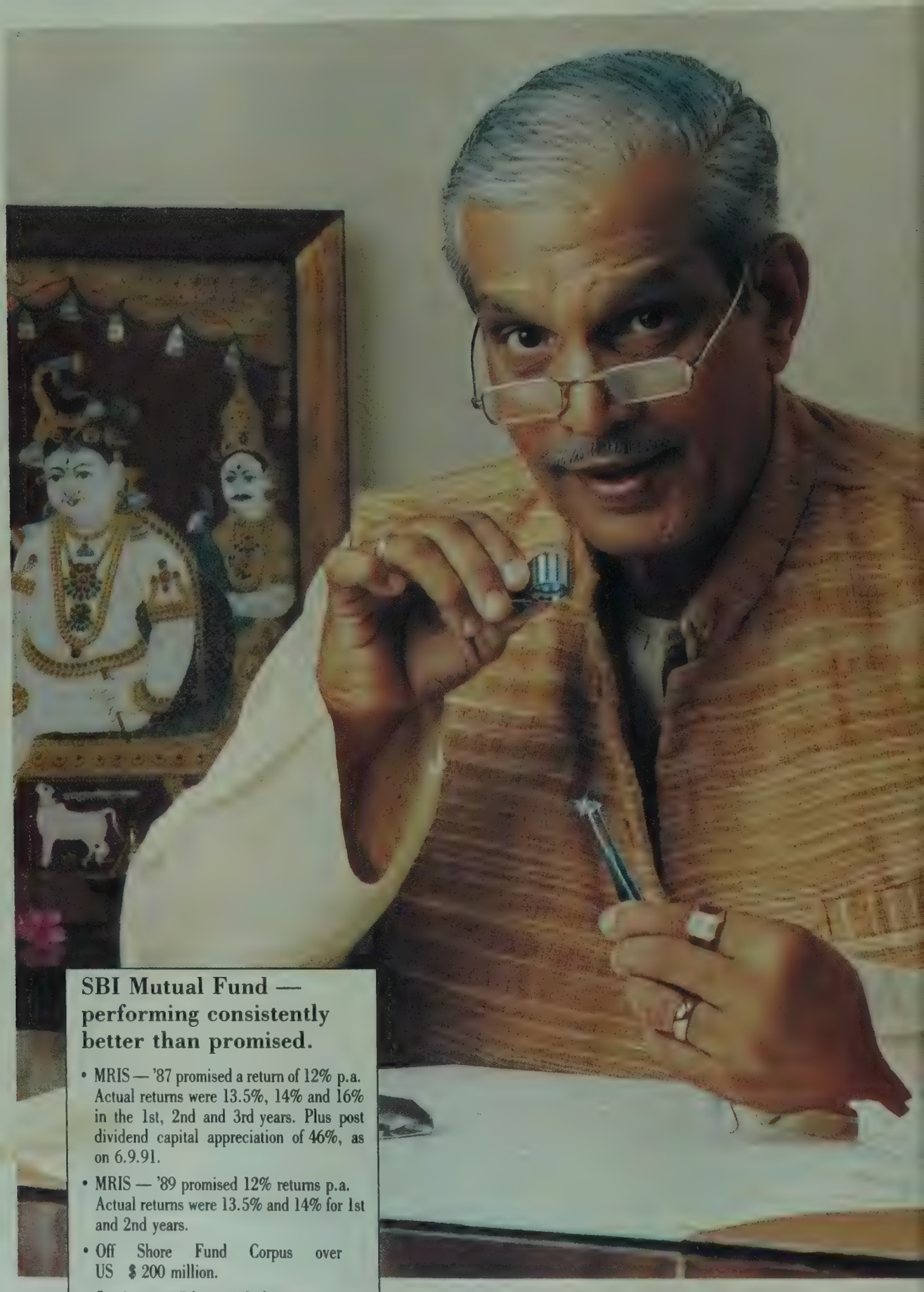
The rise of Onida, Videocon and BPL in the colour segment also contributed to Weston's woes. While most players notched up negative growth rates in the late-eighties, the trio bucked the trend, snatching marketshares from all established players including Weston. For most of the manufacturers, gross margin came down from around Rs 2,000 to Rs 900 a set.

LAVISH SCHEMES

In a cut-throat arena, all sorts of gambits were resorted to to push sales. Elaborate promotion schemes were launched; dealers were given lavish prizes — such as a free Maruti car — for selling a certain number of sets. "We never encouraged this kind of practice," says assistant general manager (marketing) S.B. Dutta. The result: Weston got left behind in the race. Another reason for the loss of its share between 1986 and 1988, says Vachani, was the company's "dependence on imported components."

The late eighties was thus a period of stagnation for Weston, which had been very gung-ho about growth since its inception. Started in a very small way in 1966 by two brothers, Prem and Sunder Vachani, to assemble tran-

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sistor radios, the company had galloped along in the early days. Over the next few years, it gradually diversified into other consumer electronic items. By 1977, it had become the country's largest TV manufacturer and it managed to maintain its leadership till the mid-eighties. With the domestic market getting tough, the Weston management started looking at areas other than consumer electronics for growth.

Another factor which prompted Weston to change its corporate strategy was the excellent profits in exports. The company's net profit, which was Rs 66 lakh in 1986 and Rs 86 lakh in 1985, suddenly shot up to Rs 1.97 crore in 1988-89 and Rs 1.62 crore in 1989-90. And the rise in turnover and profits in these two years was mainly because of exports.

Prior to 1986, Weston had done very little on the export front. In 1987, the company managed to export goods worth Rs 13.64 crore. This figure rose further to Rs 29.72 crore in 1988-89, thanks to the export of 1 lakh TV kits and sub-assemblies. In the next accounting year, the company managed to hawk 1 lakh colour picture tube sub-assemblies and 155 ultra-sound scanners mainly to the USSR, and its turnover on this head jumped to Rs 40.72 crore. However, in the absence of any substantial orders from the USSR in 1990-91, Weston's turnover and profits slumped.

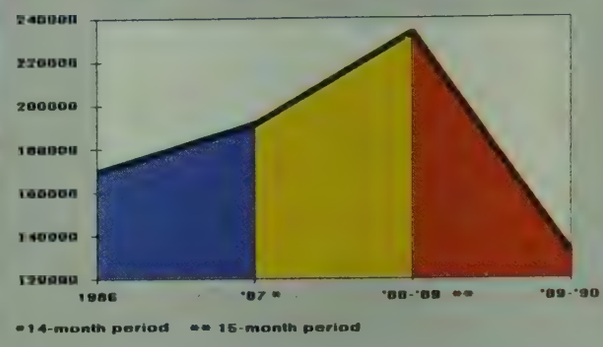
The export disaster apart, Weston's other forays have not made much headway. The company has introduced a wide range of audio and video products, but TVs still rule the turnover roost; in 1989-90, just around 6% of the total turnover of the company was from audio and video products.

But the management is not giving up on diversification. Knowing the advantage of an established brandname, Weston has recently moved into other consumer durables. Earlier this year, the company took a plunge into the washing machine market and has recently launched its cordless telephone. "These are the areas of future growth and Weston is going to establish itself in these fields," says Vachani.

However, the marketplace may decide otherwise. In washing machines, players like



TV SALES: A DIM PICTURE



Videocon and Maharaja have already gained a strong foothold. Newer entrants have not been finding it particularly easy and there is no reason for a Weston or an Onida to assume automatic success.

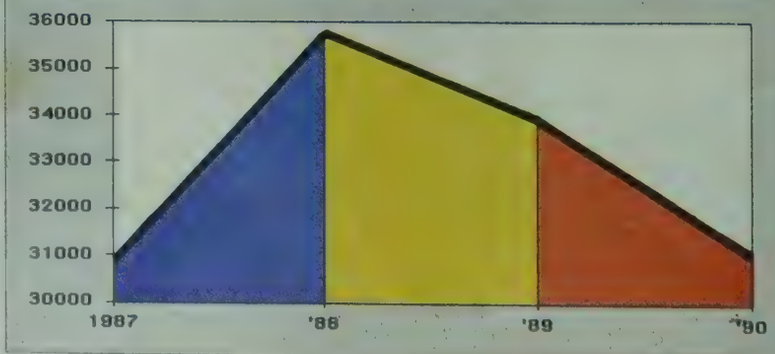
Another problem with washing machines is the high import content. While the older manufacturers have indigenised their machines, Weston's washers are totally based on imported kits at present. Thanks to the foreign exchange crisis and subsequent import restrictions, the cost of imports has gone up substantially over the past one year. As a result of this, product prices have also moved up. Industry sources feel that the market may not be able to maintain its growth rate under such circumstances. And if the market stagnates, the existing installed capacity should prove more than enough to cater to the present demand. Weston is, however, keeping its fingers crossed and hopes to notch up healthy sales from this project.

Similarly, in cordless telephones, though Weston's product is among the first in the country, it has yet to establish itself. The buyers of such instruments are those who frequently go abroad and hence patronise foreign makes. Secondly, the smuggled variety from Taiwan and Japan is freely available in the country. What makes it worse is that against the market price of around Rs 3,500 per Weston instrument, an imported set with a reputed brandname can be had at Rs 2,500. Thus, in this arena too, Weston will have to fight against the odds. The company claims it has an edge. "We have the advantage of after-sales service, which is very important for complex electronic instruments," says Dutta (quoted earlier). But then the reputed foreign companies have opened their service centres in India too.

All these sorties may not come up trumps immediately. Weston may thus have to fall back on its earlier strength — the domestic TV market. And it is planning a consolidation programme there. "We can bounce back in TVs and have prepared an action plan for that," says Dutta. Weston is going to put more stress on semi-urban markets, where the demand is still growing. "We just have to push a little to improve our sales graph. We already have a time-tested, loyal dealership network of 1,500, which is being expanded to 2,000," says Dutta. Thus, the company expects to increase its sales in towns like Vijaywada, Varanasi, Kanpur and Lucknow.

Next on the agenda is the introduction of new, sophisticated TV sets with advanced technology. One such new model is a digital TV, which will be launched this year. Dutta claims that digital sets give much better picture reproduction with minimum failure. And, if there

COLOUR TV SALES: LOSING COLOUR





is a breakdown, repairs take less time.

The management is hopeful of making a renewed mark on the domestic market also because of the shakeout in the industry. "With weak companies having pulled their shutters down, the demand-supply gap will balance in a year's time weeding out some of the unethical practices," says Dutta. But Vachani does not sound too hopeful for the short term when he says: "I expect the TV market to decline by 15-20% this year because of the hike in prices caused by the budget."

TVs apart, a major contributor to the the company's future growth is going to be the new components project. Last year, Weston started production of printed circuit boards from its plant set up in Noida with an installed capacity of 33,000 sq mt. Says Vachani: "Within a year we have achieved 100% capacity utilisation and are doing very well in this field. The company has tied up for exporting 50% of the production."

THE WESTON GROUP PORTFOLIO

(turnover in Rs crore)

	1989-90
Weston Electroniks	99.07
Weston Components	28.75
Music Nest, Sight & Sound & Clifton	15.00
Total:	**142.82**

Another project which has started commercial production recently is for the manufacture of aluminium electrolytic capacitors. Located at Bhiwadi in Rajasthan and set up at a capital cost of Rs 6.74 crore, the plant has a capacity to produce 75 million capacitors a year. But here again the domestic market is facing a glut with Punsumi and New Era expanding their capacities. Vachani sees a silver lining: "Though there is over-capacity in the domestic market, we will be able to do well because of our export thrust. We will be exporting about 70% of the production. We have already tied up for exports to hard-currency areas." Deputy general manager in charge of the project Atul B. Lall, however, puts the export figure at 50%. "We will be able to sell the balance in the domestic market without much problem because of our quality and better product mix," says he.

WESTON ELECTRONIKS: A SHARP BEATING IN BOTTOMLINES

(Rs crore)

	1986+	1987~	1988-89#	1989-90	1990-91^
Turnover	64.70	84.39	120.60	99.07	70.22
Raw material cost	46.55	59.88	87.76	71.62	46.44
Interest	1.55	2.65	4.58	4.09	4.85
Depreciation	0.21	0.29	0.41	0.22	0.38
Net profit	0.64	0.87	2.00	1.64	0.32
Net profit/turnover (%)	0.99	1.03	1.66	1.66	0.46
Equity capital)	0.97	1.61	2.26	2.26	8.25
EPS (Rs)	6.60	4.63*	7.10*	7.27	0.39
Export value	0.10	13.64	31.18	40.72	18.00

\+ Year end: October
* Annualised
~ 14-month period; year end: December
\# 15-month period; year end: March
^ Provisional
Source: The company.

"We are paying attention to other low-valued components also to ensure a quality product," says Vachani. Thus, the company has started producing fly-back transformers for colour TVs with knowhow from Lucky Goldstar of Korea. The value of this transformer is just Rs 75 in each set, but it plays an important role in picture quality.

All this emphasis on quality should pay off in overseas markets. And Vachani claims it already has. "Having established a strong base, we are now ready to take off in the export markets," says Vachani and flashes a bunch of letters of credit in support. He claims that Weston has obtained orders worth $3 million in the first four months of the current financial year and hopes to end the year with exports worth Rs 30 crore. Though the company shipped goods worth Rs 40 crore in 1989-90, the consignments mainly consisted of re-export of colour picture tubes, which seems difficult now (the company is trying to export another 1 lakh picture tubes — a proposal which is hanging fire). The current emphasis is on export of TVs, speakers, audio tapes and other components manufactured by sister concerns.

Under the Weston flag, the biggest sister concern is Weston Components with a turnover of Rs 29 crore. Set up to manufacture audio magnetic tapes and TVs, the company has diversified into recorded cassettes. With a setback in TVs, the company is paying more attention to the music industry. "We have entered the music industry in a big way and, in the current year, our sales will rise because of this," says company financial controller R.D.S. Bawa. He expects sales of Rs 50 crore in the current year, of which Rs 30 crore will come from cassettes alone. Besides this, the group consists of three partnership firms, manufacturing TV cabinets, speakers and components, and distributing TVs. The trio has a combined turnover of around Rs 15 crore.

These small players are doing their mite to boost group turnover and profits. But will big brother Weston Electroniks also pull up its socks? Vachani & Co are confident that tomorrow will be a different story. If exports are a success, the company could import success too.

□ Shashi Shekhar

THE WESTON TV PLANT: *A renewed thrust*



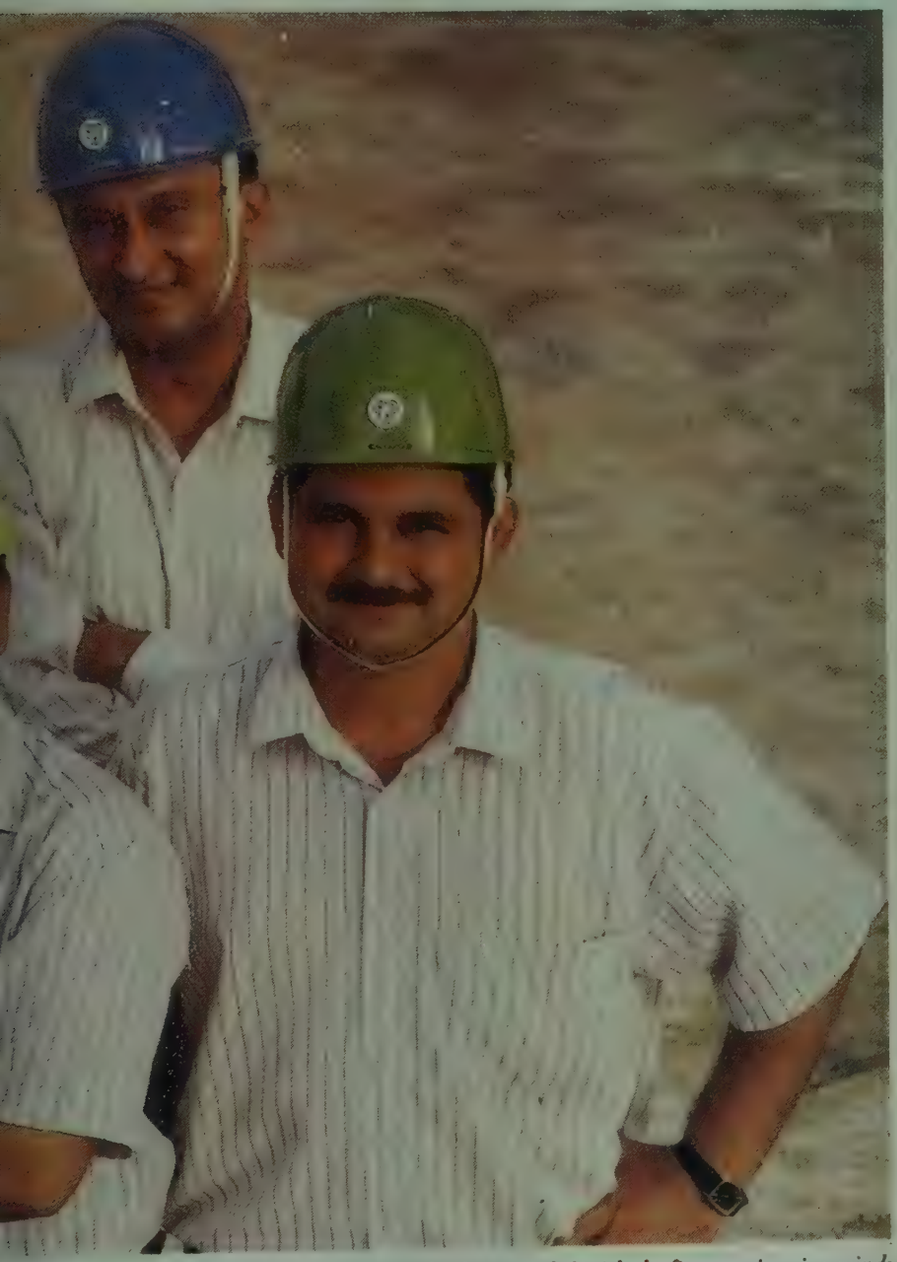
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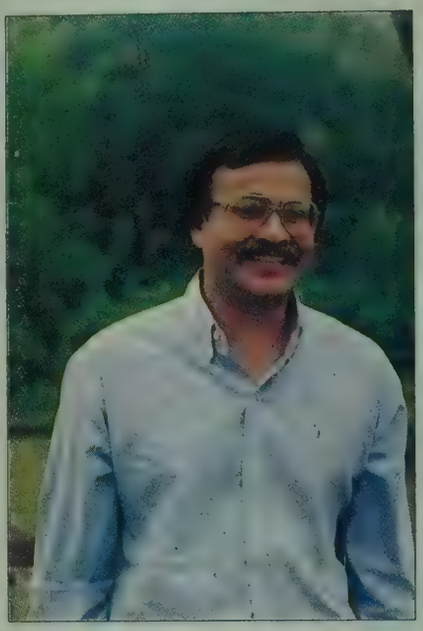
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New issues are back with a bang.

BOOM TIME

The unprecedented serpentine queues outside Hongkong Bank branches around the country told the whole story. The faithful of the equity cult thronged to try their luck at the Tata Timken till. New issues of equity are back on the popularity charts. And they're back in style.

The Tata Timken issue, of course, is in some ways a special one — a minuscule and underpriced offering to the public by two solid promoters. Not surprisingly, this mouth-watering issue is expected to be oversubscribed by 200 times. What is more significant is that even the less-attractive offerings are getting enthusiastic responses. For example, the less-hyped up Maharashtra Seamless and Indian Acrylics issues also attracted investors to the honey pot. Both were oversold 12 times. Along the road are other offerings. And just over the horizon looms the Reliance mega-issue.



PALAT: *Attributing the new-issue mania to the new policies*

The upshot: the primary capital market, which was reduced to a trickle during the better part of the past 12 months, is now being flooded with such new issues of equity. And this inundation will prove to be healthy for Dalal Street in the long run.

Consider the facts. During the slack 1990-91, Indian companies raised less than half the Rs 4,200 crore of capital they managed in 1989-90, the year of the mega-issue mania. By this parameter, the first few months of the current year too did not provide much to write home about. The nadir was reached during June, which saw only one issue of around Rs 59 lakh. The demand for new capital, it seemed, had evaporated. Thankfully, since then, the primary market has bounced back. August saw 11 issues worth Rs 71 crore.

That, by most accounts, is only the beginning. Going by the applications pending with the controller of capital issues (CCI), 500 companies plan to raise around Rs 6,000 crore from the primary market over the next six months. The list of hopefuls includes a string of corporate luminaries — Reliance, Excel, Bombay Dyeing, Century Textiles, ICI India, Gujarat Ambuja, Southern Petrochemicals Industries Corp and Hero Honda among others.

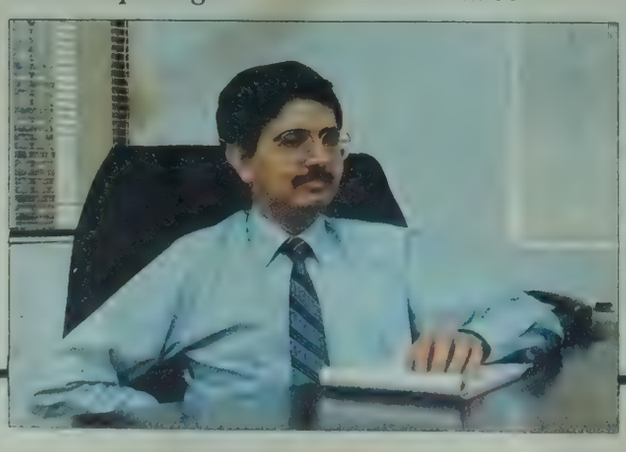
Why is the primary market suddenly back with a bang? The most obvious reason is that as electoral entropy has been banished, stability and optimism have both staged a comeback. Add to that the satisfactory monsoon and the prospect of liberal International Monetary Fund (IMF) dole and the silver lining on the dark clouds becomes obvious. Then there is the hope that these dark clouds may eventually be dispersed by the fresh winds of liberalisation. "Both the corporate sector and Dalal Street have realised that things are moving once again," says a merchant banker. The markets, which were prudently following a wait-and-watch policy during the instabilities and insanities of the past many months now see no reason for such caution. "I consider the current spurt in the new issues market as a vote of confidence by the markets in the new government and its policies," says American Express Bank vice-president (south Asia) Raghu Palat.

As corporate optimism about the long-term future of the Indian economy has improved, investment plans are now being firmed up. Besides, earlier plans are now being recovered from the back-burner. The new investments, as well as the resurgence of older plans, are now acting in tandem to ensure a healthier primary capital market. There is more to the story, however, than the obvious. And while the immediate factors mentioned may be important in the short run, it is the less-obvious factors that will determine the medium-term trend. Consider:



PRADIP SHAH: *Debt-equity ratios should be lowered*

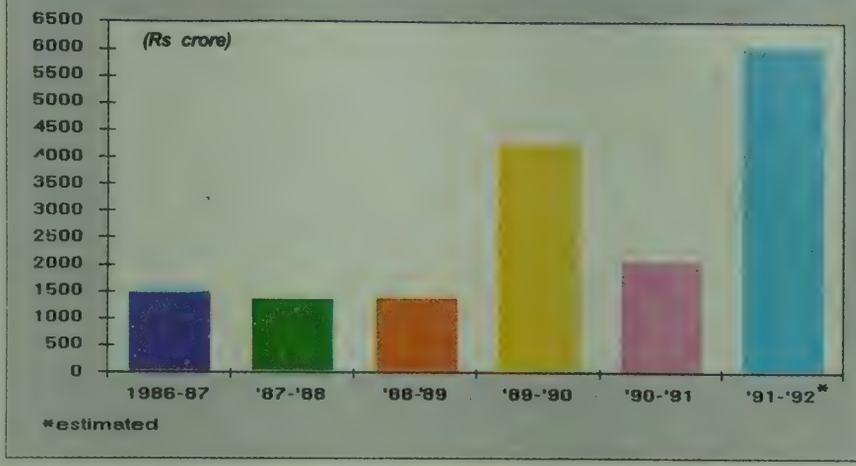
KOTAK: *Expecting an interest rate mismatch*



■ **The institutional resource crunch.** Throughout the current financial year, the country's development financial institutions (FIs) have been strapped for cash. So even whenever projects were available for funding, the resource crunch ensured that capital

needs of companies could not be met. Disbursements by FIs have been reduced to a trickle. For example, the Industrial Finance Corp of India has achieved only 25% of its lending target for the first quarter while the Industrial Development Bank of India's fresh lending is down to half of last year's level. As fewer projects got the institutional green signal, fewer equity offerings were made to the public.

NEW ISSUES MAKE A COMEBACK



Currently, there seems little chance of the FIs loosening the purse strings. In recognition of this, they have even changed their funding norms recently. The debt: equity norm for FI-aided projects has been reduced from the earlier 2:1 to 1.5:1. At the same time, the promoters' contribution has been upped from the earlier graded brackets of 20% to 22.5% to as high as 30%. Against this new backdrop, companies will now have to depend more on equity offerings to the public to fund their new projects, expansions and modernisations. That translates into a more buoyant primary capital market.

SOME ISSUES IN THE OFFING

Company	Issue size (Rs crore)	Mode
Kalyani Sharp	7.50	P
Atul Products	35.00	R
Niwas Spinning	10.50	P
Kirloskar Electric	7.00	P
Pudumjee Pulp	12.20	P
Nicholas Lab	31.00	R
Baroda Rayon	11.00	R
Esab India	18.00	R
Klockner Windsor	7.00	R
Reliance	900.00	P/R
Tata Vashisti	60.00	P
BPL Sanyo	13.00	P
FAG Precision	13.42	P/R
Jindal Strips	335.00	R
McDowell	85.00	R
S.I. Viscose	35.00	R
Garware Nylon	12.85	R
UB Elastomer	100.00	P
GTC	23.00	P/R
Onida Savak	22.00	P/R
Dharamsi Morarji	12.60	R
Bombay Silk Mills	4.75	R

Note: P denotes public issue and R rights issue.
Source: Indian Express.

■ **High interest rates.** Debt is no longer savvy. And nor is it cheap. With the inflation rate zooming up, borrowings have become very expensive. The entire spectrum of financial rates — on FI lending, working capital and leasing — has risen to dizzying heights. Obviously, equity, especially when sold at a premium, has become a far more attractive way of financing projects. Not only is there no immediate servicing cost but the premium part provides a bonanza of cost-free funds. "It is desirable in these times of high interest rates to lower debt-equity ratios and the possibilities of leverage," opines Credit Rating Information Services of India Ltd (Crisil) managing director Pradip Shah.

Besides the high cost, debt currently has another disadvantage in India. In the absence of a secondary market for debt, companies may find that leveraging by borrowing long-term money can be disastrous. "The international debt market is much larger than that for equity. In the coming years, India too is bound to tread the international path," says DSP Financial Consultants chief of research Pravin Shah. That, however, is still crystal-ball-gazing.

In the current circumstances, the going will be tough. "It is crucial at this juncture to fund debt that has its own exits," says Kotak Mahindra vice-president Anand Desai. "This may include faster turnovers of institutional debt and factoring of debt. Long-term commitments like term loans may no longer be economical," he adds.

In fact, the time factor can prove to be crucial. As Kotak Mahindra managing director Uday Kotak has pointed out, the liberalisation of interest rates on debt instruments like debentures will have to be accompanied by a freeing of the maturities of these instruments to prevent an interest rate mismatch in the long run. He has scored an important point. Suppose a company raises long-term debt at the currently-high levels of interest rates. If, in the near future, interest rates dip, the company will be at a competitive disadvantage because of its portfolio of high-cost debt. Recent statements by policy-makers indicate that interest rates will be brought down once the current inflationary pressures are eased. Equity, obviously, is free from the pitfalls of such interest rate mismatches.

■ **Investor confidence.** But though equity financing currently makes eminent sense, will investors bite the bait? After all, the move towards more equity makes no sense unless investors are ready to bolster it with their savings.

Luckily for the Indian corporate sector, investor confidence is currently buoyant. With the secondary markets in the throes of a bull stampede, investors are flocking into Dalal Street

PRAVIN SHAH: *Eyeing the international debt market*



with their money. "It is the standard lag-and-lead effect. When the secondary market improves, the primary is bound to follow in its footsteps," says Desai.

Despite all its drawbacks, equity continues to be the most attractive instrument for the investor. As a hedge against inflation, it has no equals. "Partly-convertible and non-convertible debentures provide neither tax breaks nor enough scope for capital appreciation," says Palat. And since debentures are inevitably quoted at a discount, yields to investors are much higher in the secondary rather than the primary markets. In fact investors in partly-convertible debentures are only too keen to hawk the *khokas*, even at a discount, while watching the net worth of their equity portion bloom.

So companies wishing to tap investor funds are much better off offering equity capital rather than debt; another shot in the arm for the primary market. This move towards equity will be very much in keeping with the international trend. The international markets too are being swamped by new issues. The reason, however, is different — most issuers are seeking to retire debt after the debt-sponsored buyout bacchanalia of the last decade. But the moot point is that the return to equity is not out of form.



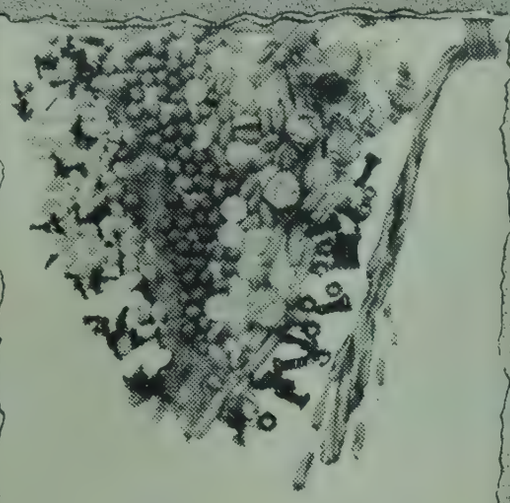
DESAI: *The primary market is toeing the secondary's line*

The coming boom in the primary market will also do much to cool the over-heated secondary market. As investors, both individual and institutional, scramble for new issues, they are bound to liquidate at least some of their previous market holdings. This will control demand pressures. There is another possible effect. "Since Indian companies are under-capitalised, the floating stock in the secondary market is abysmal. The new issues which are coming into the market will go a long way in increasing the market float," notes Pravin Shah.

While the current spate of new issues will help bring the secondary market to sanity in the short run, its consequences over the longer term are also to be welcomed. Over-leveraged Indian companies will now be forced to put their balance-sheets in order. Given the current resource crunch, this means tapping the pockets of the Indian investor through the primary market. After all, in the choppy waters of inflation and high interest rates, equity may prove to be one of the safest ways to stay afloat. The alternative is to be drowned in debt.

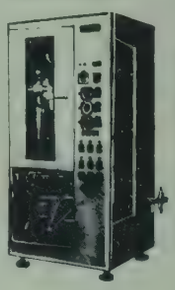
□ Niranjan Rajadhyaksha

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IMPULSE/91

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OPENING THE FLOODGATES?

The immediate impact was extensive. For foreign majors and their local partners still coming to grips with the decline and fall of the licensing raj, last fortnight's reports of wholesale clearances of large joint venture proposals was sweet music indeed. What added to the delight was that apart from a host of projects being cleared at one stroke, highly visible names like IBM, Kellogg's, Du Pont and BMW were being bandied about as having been given the green signal. So, naturally, the question uppermost in everybody's mind was: have the floodgates been opened for the foreign investor?

Not yet. For beyond the veneer of hype and excitement lay the ground realities. To get a more objective picture, one has to sift fact from fiction, rumour from reality.

Rumour: Ten major proposals (emphasis on major) were cleared just before the prime minister's visit to Germany.

Reality: Actually, the industry ministry cleared a dozen of them last fortnight. But, except for the BMW-Escorts Rs 100-crore joint venture to manufacture motorcycles (see box), none of them can really be classified in the mega, high-profile league.

Rumour: The Rs 100 crore IBM-Tata proposal has been cleared.

Reality: According to US embassy officials, the application had not even been submitted when the newspaper reports said it had been green-signalled. So the question of a clearance does not arise.

Actually, there has been more smoke than fire on the clearance front. In perspective, it can be said that all the hype generated in recent weeks was fundamentally to create the right atmosphere for prime minister Narasimha Rao and his high-profile entourage visiting Germany.

NO MAJOR DEVELOPMENT

Says minister of state for industry P.J. Kurien: "This is not a major development." The implication: the main clearances are yet to come and it will take a little while more before the floodgates are opened. Opines the German embassy's economic department (in India) head Reinhart Sweppe: "The Germans will probably first wait and see. To an extent, it will depend on the impression the PM creates."

This cautious attitude of the Germans is possibly evident more in the Americans. Says US embassy commercial counsellor James Moorehouse: "Even though there is a lot of hype about the investment climate and clearances, all these will have to be translated into action."

That, to some extent, the euphoria was a knee-jerk reaction is quite clear. Take, for example, the six German proposals cleared last fortnight out of the 15 pending proposals. First, they were cleared through the "fast track" mechanism which has been lying dormant for nearly a year. The mechanism was suddenly reactivated and the industry ministry announced the go-ahead soon after the PM landed in Germany. Second, the six clearances — excluding the BMW-Escorts venture — are all relatively small and non-controversial projects with minority foreign equity stakes ranging between 25% and 40%. Almost all of them have one common factor: they are forex earners. Says Sweppe (quoted earlier): "The big fish are yet to come."

While the government's intention of attracting foreign investment is genuine, the implementation smacks of lip service



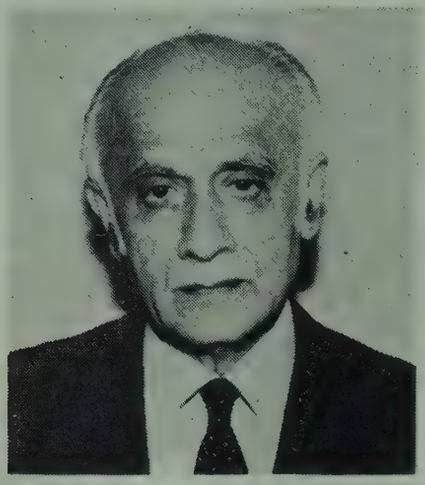
SWEPPE: *Seeing no big fish*

German embassy officials reveal that the situation would have been much easier two years back when the investible surplus was less scarce. Today, the Soviet Union and a host of countries in Eastern Europe and Latin America are waiting to compete for the German investment pie. Take the case of German investments in India last year. Out of the approximately Rs 45,000 crore invested by Germany abroad — excluding the outlay for the erstwhile East Germany — in 1990, it was a minute Rs 19 crore which came into India as approved investments. This is a mere 0.042% of the total pie. Clearly, India's ability to attract investment matters more than Germany's ability and willingness to invest.

Amidst all this hype it is clear that the Americans do not have much on their score-

DCM SHRIRAM CONSOLIDATED LTD

CHAIRMAN'S STATEMENT



Shri Mantosh Sondhi

Ladies & Gentlemen ,

On behalf of the Board of Directors and on my own behalf, I extend to you all a very warm and cordial welcome to the 2nd Annual General Meeting of your Company. The Notice convening the meeting, the Directors' Report and the Audited Accounts for the period ended March 31, 1991 have been with you for sometime now and, with your permission, I shall take them as read.

The Annual General Meeting is always an appropriate occasion to take a brief look at the state of our economy with particular reference to our businesses. Such a survey assumes additional significance considering that we are now at the threshold of Eighth Five Year Plan.

Economy

The year that has rolled by has been one of trials and tribulations for the nation. While the production trends in agriculture and manufacturing industries were generally satisfactory, the situation on the price-front and in respect of the balance of payments was disturbing. The Gulf crisis and consequent sharp increase in oil prices had their impact on the import bill, exports and invisibles, and accentuated the pressure on the balance of payments and the inflationary forces. The changes in the Union Government in quick succession created apprehensions about political stability and ability of the Government to take decisive measures to manage the economy. In the context of the critical foreign exchange reserves position and absence of a stable Government, India's standing in the international money and capital markets was adversely affected, creating serious problems in the raising of commercial credits. The domestic turmoil and political troubles culminated in the most tragic assassination of

Speech by Shri Mantosh Sondhi at the Annual General Meeting of the Company held on September 3, 1991 at New Delhi.

Shri Rajiv Gandhi, the former Prime Minister of India, in the prime of his youth.

New Economic & Industrial Policies

Against this backdrop of uncertainty and crisis which threatened to engulf the economy, the bold policy initiatives taken by the new Government to steer the economy out of the present critical phase, are welcome. The exchange value of the Rupee has been brought down to a realistic level vis-a-vis the major currencies of the world, to prevent capital flight, to give fillip to exports, discourage inessential imports, and attract capital inflow, particularly from Non-Resident Indians. The trade policy has also been readjusted to reinforce the advantages flowing from the devaluation of the Rupee. The new Industrial Policy has brought structural changes to move away from a command and controlled pattern of growth of the economy and of ad-hocism to a competitive and market oriented economy. The diverse changes introduced will help in the formulation of a long-term integrated policy, which will usher in rapid growth of the economy. The abolition of threshold limit on MRTP Companies and a license-free regime and higher ceiling on foreign equity would also help to speed up economic growth and make India a global player. I sincerely hope that the new Government would keep up its efforts in the direction of liberalising the economy from the stranglehold of bureaucratic controls, which had so far thwarted and throttled its growth. Thus, while there may be difficulties in the short-term, the long-term outlook is definitely bright.

Equity Shares

As stated by me at the Extra-Ordinary General Meeting of the Company held in January this year, 19,792 equity shares of Rs. 10/- each in the Company credited as fully paid, representing fractional capital were sold after the Company's results for the year ended March 31, 1991 were available. Net sale proceeds thereof have been distributed to the shareholders entitled to such a fractional share capital in proportion of their entitlement. Your Company's shares now, apart from Delhi and Calcutta Stock Exchanges, are also listed in Bombay Stock Exchange.

Review of Operations

During the year ended March 31, 1991, your Company on a turnover of Rs. 360 crores earned a gross

profit of Rs. 12.1 crores. The net profit after depreciation and tax was Rs. 6 crores, which was available for appropriation. On an equity base of Rs. 5.75 crores, this represents an EPS of Rs. 10.50 and a cash EPS of Rs. 21. This is much better performance as compared to the last year. Because of improved results, your Directors have recommended a dividend of 20%, keeping in mind our commitment to reward the shareholders adequately and enabling them to share in the prosperity of the Company.

Now, our thrust and focus is on consolidation of the existing operations. The Management view is that each business should be self-sustaining and a leader in its own sphere of activity. As a part of consolidation and growth, your Company is studying investment plans of around Rs. 150 crores for accelerating growth in its present activities of Textiles, Fertilisers, Chemicals and Cement.

A. Textiles

The Company's Textile Division consisting of Swatantra Bharat Mills and DCM Silk Mills is being restructured to make its constituents independent profit generating entities in the next 2 to 3 years. Both these Mills have historically lost over Rs. 5 crores per year. The Company has made short-term and long-term plans to revive the Textile Operations.

As a part of this, proposals for modernisation/ renovation/rationalisation of some of the existing operations of SBM/Silk Mills are under implementation. To tide over the problem of excess manpower, we are trying to reduce the manpower strength in a manner fair and equitable to all.

The Company has its presence in foreign markets like USA, Europe, South Asia, Africa and USSR. The Company has plans to further strengthen its exports.

B. Fertiliser Business

The Fertiliser Group consists of the Ammonia/Urea Plants. Fertiliser Plant operated at record capacity utilisation during 1990-91, and the business is at present doing well. The Management has started initial studies on a scheme to switch over to gas from naptha as feedstock. In the meantime, the Company is utilising its marketing network for sales of bought-out DAP. The proposed reduction in the Fertiliser Subsidy announced by the Central Government will improve the cash availability position of the Company, because there are enormous delays in the receipt of the subsidy from the Government. In long term, the Government has announced de-control of Fertilisers, which is a very welcome thing. In the future, it appears there will be profitable application in this field.

C. Chemicals Business

The PVC resin unit at Kota operated at its full capacity. A detailed study is now being made on the technology and capacity expansion of this unit. Also, the Management is broadbasing and upgrading PVC compounds manufacture with the introduction of new products. Similarly, the Caustic Soda unit at Kota achieved record capacity utilisation. The capacity of the Caustic Soda unit is planned to be substantially expanded along with a switch over from mercury to membrane cells, which will check pollution, increase efficiency and reduce power consumption. The Chemicals Business of the Company is doing quite well at present.

D. Cement Business

Cement unit at Kota also achieved record capacity utilisation and generated profits in 1990-91. Schemes for substantial expansion of the existing capacity and for reducing cost of manufacture are under consideration. The brand image for the Company's product is good and it is in high demand.

Power Plant

The PVC resin and caustic soda operations are power intensive. As such the availability of un-interrupted power to these operations becomes quite important. During the year 1990-91, the availability of power from RSEB was better.

The Company's existing Power Plant capacity of 45 MW at Kota is planned to be expanded to meet a substantial part of our requirement of 90 MW in due course. Various options in this regard are under consideration.

For each of the Business areas, I have just placed before you our tentative plan of action. To finance these proposals, the Company is formulating strategies and specific proposals in this regard would be placed before you for your approval at the appropriate time.

The Future

Your Company is well poised for another satisfactory year. In the 4 months period ended July 31, 1991, the turnover of your Company is higher at Rs. 117 crores as compared to Rs. 100 crores for the corresponding period last year. The profitability is also better. At this juncture, I can only say that in terms of operations and profitability, the current year should close on a satisfactory note. In conclusion, I would like to add that every effort is being made to make your Company strong, healthy and growth oriented.

Acknowledgements

I would be failing in my duty if I do not pay compliments to Mr. Ajay S. Shriram, the Managing Director and Mr. Vikram S. Shriram, the Deputy Managing Director. Although young in years, they are carrying very heavy responsibilities, which they are discharging with great deal of courage, deep sense of commitment and a professional competence of a very high order. They are very ably assisted by Mr. V.P. Agarwal and other Senior Executives.

Before I close, I would like to convey my sincere thanks to all our employees for the devoted manner in which they have worked, the Financial Institutions and our Bankers for their co-operation, the Government of India and the various State Governments for their support and encouragement and the most important of all, our shareholders, who have extended unstinting support to our endeavours.

Thank you.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

PRESSMAN

card as yet. For them, the Rs 180-crore Thapar-Du Pont nylon 6,6 project, which has been hanging fire for more than four years, is a sort of a test case. Says the US embassy's Moorehouse: "Yes, the Du Pont project is very important." Adds Du Pont Far East Inc president V. Sam Singh: "Till we get a piece of paper indicating the go-ahead, we cannot be sure. Let there be concrete developments behind the headlines."

While Du Pont is awaiting the green signal, another US major with high visibility — Coca-Cola — is going slow on preparing its application for entry into the country. Although "soft drinks" has been excluded from the 34-item industry list permitted for automatic entry, Coca-Cola is still seeking a way in. Coke's earlier proposal has run into trouble because of the difficulty now in importing second-hand machinery. As an integrated project, Coca-Cola, in association with Rajan Pillai's Britannia Industries, was planning to shift an existing snackfood plant from Singapore. Now that has to be relooked at in the light of the new rules.

Clearly it has not been easy going so far for the Americans. Nevertheless, government officials opine that this may have to give way to a flurry of clearances of pending proposals to demonstrate India's intentions. The reason: the proposed visits of US trade representative Carla Hills in October and that of Pepsi chairman Don Kendall in November.

In spite of the phenomenal changes in the government's attitude towards foreign investment, it is clear that the official machinery is still to gear up. A number of

A TEST CASE?

Exactly a year after Escorts and BMW of Germany put in an application for a Rs 100-crore joint venture project (with a 40% German equity stake) to manufacture 4-stroke, 180 cc, 6500 rpm bikes at Surajpur (Haryana), the government has given it the green signal. Last month, the technical evaluation committee (TEC) under the industry ministry cleared the controversial proposal. Says Escorts chairman H.P. Nanda: "It would have taken much longer. The new environment made it easier."



NANDA: *Raring to go*

As only some smaller German projects have been cleared apart from this, the Escorts-BMW tieup could well be held up as a test case for future German investment. "That's it," says Nanda excitedly. According to him, wooing BMW to India — negotiations for which started two years back — was not easy. Initially, BMW had refused Nanda's overtures point blank. Adds Nanda: "If a conservative German company like BMW, which is the second-largest car manufacturer in the world, can be brought to India, it will definitely have an impact on other German companies."

On the face of it, the joint venture project is a win-win situation for both the partners. Consider the highlights:

- According to Nanda, there will be no phased manufacturing programme (PMP) unlike similar Japanese projects. It will be 100% indigenised from day one. Production is expected to commence in two years.
- The 40% present equity cost of BMW is valued at Rs 10 crore. Out of this, Rs 8 crore will be against import of capital equipment.
- Provision has also been made to manufacture highly-sophisticated components for BMW cars.
- Additionally, the engines from this venture will be used by Escorts' existing range of Rajdoot motorcycles after slight modifications.

Sums up Nanda: "I told the BMW management: you need us, we need you."

There are other pluses. A hitherto unexplored market segment for the 180 cc is sought to be created. Nanda says that the bike specifications are ideally suited for the vast Indian rural markets.

Besides, normally the cost of production should have been substantially higher than that for existing bikes. This may be brought down; in a path-breaking move, BMW has allowed joint R&D of the new design and technology both in India and Germany at a cost of DM3 million. According to Nanda, the technology will be hawked to all countries except the US. Critics, however, charge that this is an outdated, phased-out technology of BMW itself, and there is nothing new in it.

When the PM's delegation visited Germany last fortnight, the Escorts-BMW tieup was clearly touted as a model venture by bureaucrats and industrialists alike. Says Nanda: "It was a selling point." Will the Germans bite the bait?

NEWS BRIEFS

■ The government has further liberalised its **export policy.** The commerce ministry has decontrolled the exports of 63 items and shifted 17 more to the open general licence (OGL) category. The policy has also been simplified by classifying all export items under restrictions in two clear lists.

■ The private sector may be allowed to enter **power distribution** too, according to *The Business & Political Observer.* The government is planning to table a bill to do away with the present restriction that power must be supplied to the grid, says the report.

Meanwhile, the power ministers' conference, which was held at New Delhi recently, has endorsed finance minister Manmohan Singh's suggestion to have a minimum power tariff for the agricultural sector nationwide.

■ The **coal sector** would need a massive investment of Rs 16,304 crore to meet the revised eighth plan production target of 292.5 million tonnes. According to the coal ministry's latest report, it has become necessary to revise coal demand and production targets for 1994-95 in the wake of the recent oil crunch.



A COAL MINE: *Production targets revised*

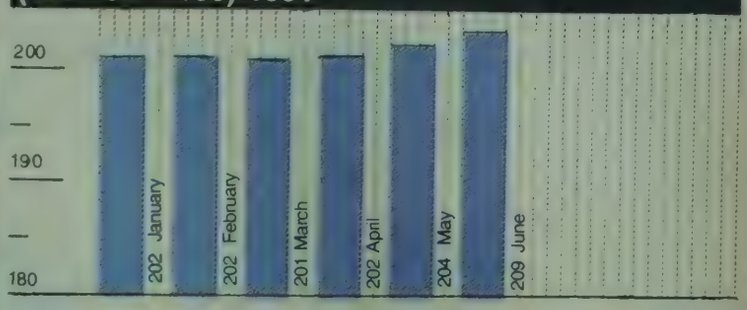
■ All 100% export-oriented units (**EOUs**) will be allowed to set up projects in areas previously reserved for the public sector, says *Business Standard.* They will also be allowed to set up projects under the compulsory licensing list of the new industrial policy.

■ The government has drastically overhauled the Directorate General of Technical Development (**DGTD**). It has reduced the offices of the DGTD's technical development wing to 12 from 26, at the same time doubling the number of offices responsible for promotional activities to 20.

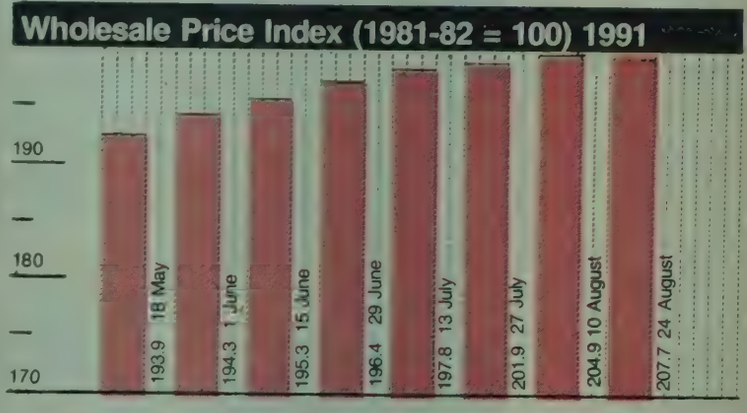
Foreign Exchange Rates (Spot) 1991

	9 September (Rs)
One P. Sterling	44.60
One US Dollar	25.78
One D. Mark	15.11
One hundred J. Yen	19.00
One Saudi Riyal	6.96
One Kuwaiti Dinar	89.40

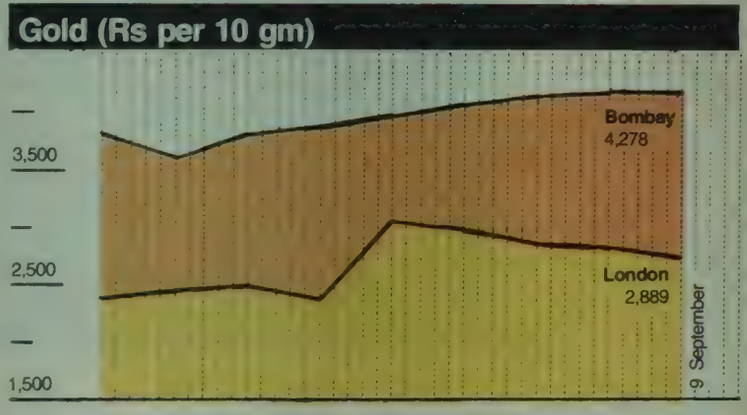
Consumer Price Index for Industrial Workers (1981-82 = 100) 1991



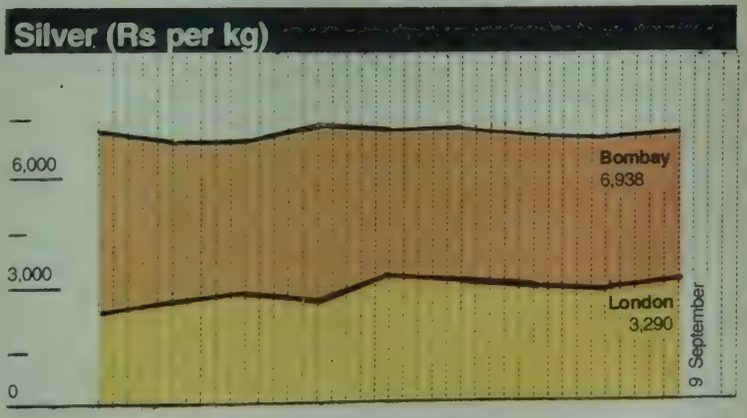
Wholesale Price Index (1981-82 = 100) 1991



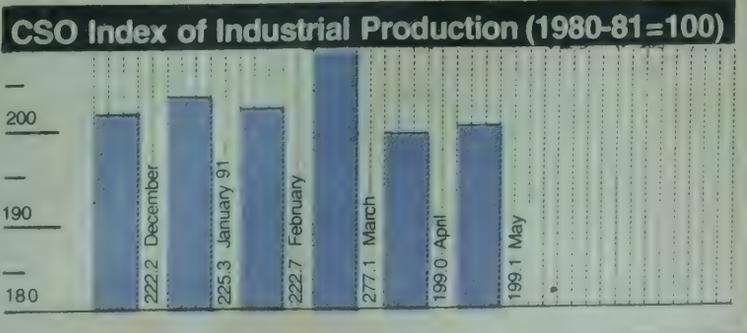
Gold (Rs per 10 gm)



Silver (Rs per kg)



CSO Index of Industrial Production (1980-81=100)



In the time it takes to read thi
half a kilometer of world-class



World class technology
is our basic strength

Serving the core sector – Railway Wagons and Permanent Way Materials Stee
Electro Porcelain Insulators Chemicals Cyanides Petrocarbons And no

entence, we'll produce teel wire rod.

HDC's new Composite Steel Plant at Malanpur in Madhya Pradesh is just months away from completion.

And when it's ready, it will be years ahead of any other steel plant in the country.

Take the Continuous Bar-cum-Wire Rod rolling mill, for example, which will produce at the rate of 85 metres per second.

This will be a fully automated mill, with every single operation handled by microprocessor controlled equipment working with response times of microseconds.

It's the kind of equipment that allows us to set tolerance limits unheard of in India. Which is just what we've done.

Every millimetre we produce will be made as per the very highest world standards. That's something we've built into the plant – with no room for deviation.

We've done this because this plant will enter a market with a vast and ever growing demand for imported quality special steels.

A 250,000 tonnes per annum Composite Steel Plant, in technical collaboration with Hamburger Stahlwerke of Germany.

More important, it's our opportunity to open a new, very much larger market – for export of speciality steels.

As we move into the next century, we intend to strengthen our presence in world markets.

HDC

HINDUSTHAN DEVELOPMENT CORPORATION LIMITED
Registered Office
Mody Building 27 Sir R N Mukherjee Road
Calcutta 700 001 India

Which cannot be done with anything less than world-class technology.

ings ■ Wires for Power Transmission and Telecommunication Systems
Rs.380 crore Composite Steel Plant.

PRESSMAN

NEWS BRIEFS

■ **Avery India**, the country's premier weighing machine manufacturer, is planning a diversification into non-traditional areas of business. The company's plans include setting up a division at its Faridabad unit to manufacture petrol dispensing equipment at an investment of Rs 2 crore. The project will be set up in technical collaboration with the US-based Gilbarko.

■ **Godrej** and **Remington Rand** may enter into a technology tieup for the production of electronic typewriters. A *Business Standard* report says that Remington Rand, an RPG group company, may soon start manufacturing electronic typewriters with Godrej technology.

■ Kanoria Chemicals & Industries Ltd (**KCIL**) is setting up a Rs 140 crore plant to manufacture polypropylene chips at Kosi Kalam in Uttar Pradesh, in collaboration with Solvay of Belgium. A separate company, Polypropylene India, is being set up for the purpose.

■ **Mukand** is in the midst of an environmental storm. According to Maharashtra Pollution Control Board (MPCB) chairman C.D. Oomachen, the board has received several complaints against the company's Kalva (Maharashtra)-based steel plant. Most complainants stated that the unit was a major pollutant source in the Thane belt. Oomachen denied reports that the MPCB had issued any strictures on Mukand. He, however, said that he was looking into the complaints.

■ Governmental delays in issuing environmental clearance has put a crimp into Tata Electric Companies' (**TEC's**) plans to draw on a $158 million World Bank/International Finance Corp loan for the gas-based combined cycle project. According to TEC chairman Homi Sethna, clearance had been delayed by over a year even though all formalities and stipulations for the project had been fulfilled.

■ Sanjiv Goenka has been appointed vice-chairman of the Gramophone Co of India Ltd (**GCIL**). Goenka joins the GCIL board following the vacancy created by Udayan Bose's resignation from the company.

■ Prakash Industries Ltd (**PIL**) has bagged a Rs 20 crore order for the export of video tapes to Singapore. The company will complete the order during the current financial year.

■ Nagarjuna Fertilizers & Chemicals Ltd (**NFCL**) recently commissioned the demineralisation (DM) plant and the 132 Kv main receiving station at its plant site in Kakinada. This is a major step in the commencement of trial production.

■ **Eicher Consultancy Services** has signed a memorandum of understanding (MoU) with the US-based A.T. Kearney to assist Indian companies wanting to do business in the international markets, or looking for joint ventures with Western countries.

ONE OF TEC'S POWER PLANTS: *Hit by governmental delays?*



■ Indian Petrochemicals Corp Ltd (**IPCL**) is setting up a Rs 1,000 crore joint venture petrochemicals project in Saudi Arabia, according to *The Economic Times*. The project, for which an MoU has been signed with a west Asian company, has already been registered with the Union government, says the report.

■ **ATV Projects India** is setting up a Rs 128 crore downstream petrochemicals project for the manufacture of thermoplastic elastomers. The company has already received the letter of intent (LoI) for the 20,000 tonnes per annum (tpa) venture, the first of its kind in the country.

■ **Kirloskar Consultants**, belonging to the Kirloskar group, is planning a Rs 2.5 crore expansion programme. The company wants to move into marketing, research, management project engineering and computer software, among other things.

■ Fag Precision Bearings Ltd (**FPBL**) has embarked upon a Rs 56.34 crore technology upgradation-cum-modernisation programme to increase production capacity two-fold to 180 lakh bearings a year.

■ **Voltas** has initiated an intensive programme at its Thane works to secure ISO 9000 international quality standards for the company's products.

■ Telco, Ashok Leyland and Eicher are among the five companies bidding to take over the Bombay-based sick company **Ramon & Demm**. The takeover proposals are being examined by the Industrial Credit & Investment Corp of India (ICICI) to ascertain which company's bid will lead to a lesser flow of funds from the banks and financial institutions.

■ G.P. Goenka's **Herdillia Chemicals** is on a Rs 300 crore expansion drive says *The Economic Times*. The new projects will seek commercial applications of in-house R&D achievements and aim at widening the range of speciality chemicals, says the report.

■ **Siemens** is negotiating with Birla Information Technologies (a division of the National Engineering Industries of the C.K. Birla group) for joint venture participation in the newly formed Siemens Information Systems, according to *The Business & Political Observer*.



SETH: *Giving the sell signal*

■ **Rallis India** has decided to go ahead with the plan to sell its engineering unit as well as its direct and indirect shareholdings in the engineering subsidiaries Ralliwolf and Indian Standard Metal Co. According to Rallis chairman Darbari Seth, the company had indeed suffered a traumatic setback and things were likely to get worse before they got any better.

■ Fact Engineering & Design Organisation (**Fedo**), a division of the Fertilisers & Chemicals Travancore, has bagged an order from the Southern Petrochemicals Industries Corp (Spic) for rendering engineering consultancy services for the conversion of its 470 tpa sulphuric acid plant at Tuticorin to double contact double absorption (DCDA) process.

■ Manali Petrochemicals Ltd (**MPL**), promoted by the Spic group, having successfully commenced commercial production of its two main products, propylene oxide/propylene glycol and polyol, last year, is now contemplating backward integration with a massive investment. It has put forward a proposal to set up a Rs 500 crore project for the manufacture of diphenyl methane di-osicyan (MDI) and toluene di-isocynate (TDI).

■ The Piramals of Morarjee Mills have acquired the ailing **Davangere Cotton Mills**, a Rs 35 crore Karnataka-based company. The 54-year-old company is being merged with Morarjee Mills, according to *The Economic Times*.

■ The government has categorically stated that it will not sell the ailing feeder airline **Vayudoot**. According to civil aviation minister Madhavrao Scindia, a detailed exercise was underway to revamp the airline.

AWARDED

■ **Hindustan Shipyard** chairman & managing director S.C. Bindra has been conferred the **National Unity Award 1991**. The award has been given for his outstanding contribution to ship-building by the All India National Unity Conference, New Delhi.

T.N. Sharma, a senior manager in Bajaj Electricals, has also been conferred the award for his outstanding services in promoting national unity.

■ **Guruprasad Murthy** of the Jamnalal Bajaj Institute of Management Studies has bagged the Association of Indian Management Schools' (AIMS') **Best Teacher in Management in India Award**. The award, instituted by AIMS this year, is for "innovative contribution of the faculty member in the areas of teaching, management research and management literature."

■ Mihir Engineers chairman & managing director **Dinesh R. Shah**



SHAH: *Striking gold*

has been presented the Institute of Mechanical Engineers' gold medal for his outstanding engineering innovation in the field of redesigning cooling towers.

INSTITUTED

■ The State Industrial & Investment Corp of Maharashtra (**Sicom**) has instituted a technical research award, carrying a cash prize of Rs 50,000, in the memory of its former managing director, the late Sharad Kelkar.

The award, instituted to mark Sicom's silver jubilee, will be given annually to any person(s), corporate bodies or institutions for outstanding contributions in those fields of research which give an impetus to industry in Maharashtra.

■ **Pfizer India** has announced its intention to institute an award — the Pfizer Veterinary Medallion and Scroll of Honour — for the best talents in veterinary science. The scheme will initially cover select veterinary colleges in India from the academic year 1990-91.

The medallion will be offered to the student coming first in the final BVSc & A.H. examination.

RELEASED

■ Chetana's R.K. Institute of Management Studies (**RKIMS**) is celebrating its tenth anniversary. To commemorate the occasion, students of the institute have launched a magazine — *Management Ritual* — carrying an assortment of management articles.

■ In India, the growing number of road accidents has become a matter of serious concern. If adequate steps are not taken to combat this menace, which claims over 48,000 lives annually, the number of casualties could cross 84,000 by 2001.

To focus the attention of policymakers and to guide road users, the Loss Prevention Association of India (**LPA**) has launched a new quarterly periodical *Road Safety Digest*. The digest is devoted to issues relating to accident prevention and safety on the roads.

EVENTS

■ The Fifth International Garment Machinery Textiles & Accessories Exhibition, **Gartex '92**, will be held for the first time in Bombay from 6-9 March 1992. The exhibition will be accompanied by a two-day conference on the garment industry.

For further details contact: Modern Multi Media Marketing Co (India), Mehta House, 16-A Naraina II, New Delhi 110 028. Tel: 5704450/234. Fax: (91)-11-5732138.



Good Night.

"COIN-INVESTING IS SAFE"

Coin-collecting may just be a hobby for him, but his chest is now worth "several millions." Dinesh Mody is a notary public-cum-supreme court advocate-cum-stock-broker all rolled into one. Always keen on history, Mody developed an interest in coins when he found that they could provide the missing links to ancient India. His column on old coins, which appears every Sunday in the Gujarati daily Bombay Samachar, *shows that he's no numismatic novice. Extremely serious about spreading awareness in this field, Mody has got the Bombay University to agree to allot him a suitable plot on its Kalina campus. Here, he plans to construct and open a museum devoted solely to coins at his own expense.*

Mody spoke to BusinessWorld *on the potential of coins as an investment avenue, among other things. Excerpts:*

■ On investment in coins.

Investment is restricted to bullion coins. This is directly attributed to the fact that the metal value is sure to appreciate. Coins are always priced at 5% above the metal value. Among these, gold coins, not being easily available, become a rarity. And with the Gold Control Act having been repealed, such coins have become a highly-profitable investment medium. Only a few categories in silver coins are good for investment. Abroad, one can invest even in platinum coins. Financially, investment in coins, which only has long-term benefits, is not inferior to any other form of investment. It is also safe.

■ On problems facing the coin-investing community.

The acts which control dealership in coins are the Antiquities & Art Treasure Rules, the Foreign Exchange Regulation Act and the Customs Act. The former is the prime act which affects the coin business. Coins more than 100 years old become antiques. So any sale or purchase can be done only under its rules. The entire process becomes very cumbersome with every transaction having to be registered. This affects not only exports but also domestic dealing. In fact, to avoid these hurdles, there are many metal dealers who sell tonnes of gold coins, which otherwise should be a collector's item, to the Reserve Bank of India (RBI). The RBI, in turn, melts them. One can get amazing figures from the RBI of the tonnes of gold coins sold to them. Apart from this, unofficial melting also takes place.



■ On the rate of appreciation of old coins.

According to *Fortune* magazine, the highest rate of appreciation all over the world is first in gold (22%) and second in coins (19%). In fact, in the past two years, due to coins belonging to the Zodiac group (issued by Emperor Jehangir) and those from native states, the rate of appreciation in India has been almost 50%. For instance, gold and silver coins issued by Emperor Jehangir were available at Rs 10,000 and Rs 1,000 each in 1978. Now the same are available at around Rs 80,000 and Rs 9,000 respectively. Similarly, a set of three gold coins of Rs 5, Rs 10 and Rs 15 issued by British India was available at Rs 700 in 1978. Today, it is not even available at Rs 30,000.

■ On fluctuations in the market.

Fluctuations occur when a hoard of a particular coin, thought to be very rare, is found in the market. But only that particular coin is affected. For example, coins issued by Humayun during his exile in Iran were once considered very rare and much sought at around Rs 10,000. Then suddenly someone from Pakistan got a hundred of the same coins and now the coin is available at a mere Rs 200. Then there were William and Mary coins issued by the East India Co during Aurangzeb's reign. One silver coin of this group was once sold at Rs 24,000. Suddenly it went down to Rs 6,000 and is now quoting again at around Rs 20,000.

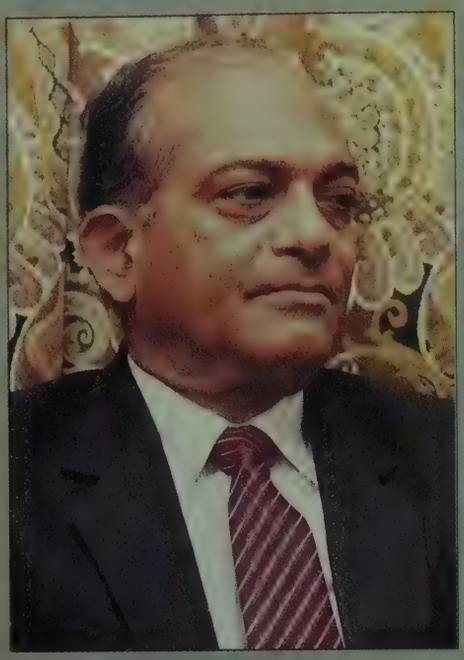
■ On categories of coins good for investment.

Native state coins with the king's bust depicted (all gold mohurs), Zodiac coins, Nazrana mohurs and Gupta coins. Roman coins dating back to 400 BC to 600 AD and Byzantine coins dating from 400 AD to 800 AD.

■ On factors one must take care of before investing in coins.

First, the condition of the coin must be either very fine or extra fine. Even good or very good is not enough. Next, the rarity of the coin is important. Go for coins which are likely to be less available in future. The third important factor is the time of investment. Buy when the availability is high, that's when you will get coins for reasonable prices.

Then most of the highly-priced coins available are forged openly. One should buy only from reputable dealers. Buying from roadside peddlers and dealers, who travel from shop to shop or go to collectors' houses and sell, is highly risky.



The bucolic life of the retired is not for him. At an age when most people are content to take it easy, the 60-year-old Janardhan Reddy has decided to opt for the frenetic life of a gung-ho businessman. Reddy is now setting up a 100% export-oriented unit (EOU) for the manufacture of polished granite panels and granite tiles at Warangal in Andhra Pradesh.

Termed La Mansion Granites, the project is expected to go on full stream by March 1992 when state-of-the-art equipment from Italy will be commissioned. The plant will turn out 75,000 sq metres of granite panels and 15,000 sq metres of granite tiles. The company has tied up with Stoneage of the US for marketing its products. Reddy estimates a foreign exchange-earning potential of Rs 39.5 crore in the first five years. But is there a market for La Mansion's products? Says director N.C. Krishnan: "There is a tremendous demand for Indian granite (especially the black variety) in the world market."

To part-finance the Rs 16.25 crore project, the company will be entering the capital market in December 1991 with a Rs 2.43 crore at-par equity issue in December.



From a public sector manager to entrepreneur is no easy switch. But Vinod Saraf has managed the change. After successfully heading Mangalore Refineries & Petrochemicals as managing director, Saraf is striking out on his own. He is promoting a new company, Vinati Organics Ltd (VOL), along with Maharashtra Petrochemicals Corp, to manufacture isobutyl benzene (IBB) — a popular analgesic and anti-inflammatory drug — for the first time in India.

For this purpose VOL is setting up a Rs 14.55 crore, 1,200 tpa plant in the Raigad district of Maharashtra in technical collaboration with Institut Francais Du Petrole of France. Says Saraf: "The country at present imports around 2,000 tpa of IBB; hence (we) will be meeting half of the domestic requirement initially." And with demand for IBB growing at a brisk pace (30% per annum), VOL is on safe ground.

To part-finance the project, VOL is coming out with a Rs 2.55 crore at-par equity issue sometime in October.



After dabbling in diverse activities such as chemicals manufacture, leasing and finance, and limestone mining, Vinod Kumar Pittie has new plans to cement together his Rs 200 crore group. He is setting up a new company, Pittie Cement & Industries, to manufacture cement and cement machinery on a turnkey basis near Jodhpur.

A notable feature of the project is that an indigenously-developed technology — vertical shaft kiln technology — will be used to make the cement. The 150 tonnes per annum (tpa) mini cement plant is expected to commence commercial production in October 1991.

With the demand for cement growing at approximately 8% per annum and a huge demand-supply gap in the northern belt, Pittie is confident that his new venture will be a success. And he is not worried about competition from the big fish in the industry. "It is the small-timers who win," he says.

To part-finance the Rs 6.96 crore project, the company is entering the capital market with an at-par equity issue of Rs 3 crore by end-November.



He's confident of getting there. Says Alexcon Extrusions Ltd (AEL) chief Kiran Dalal: "We are early in the field and sure to win the race." AEL, his vehicle for the competition, is a 100% export-oriented unit (EOU) to manufacture aluminium extrusion products.

According to Dalal, there is a good market for aluminium extrusion products, with the metal fast replacing steel and copper. And he is relying on hitech to grab a slice of the market. "We will be using the 'conform' technology developed by the British Atomic Energy Commission," says Dalal. The technology, he claims, is far superior to the conventional one.

Dalal's products, comprising tubes and solid sections, will find application in the automobiles, refrigeration and air-conditioning industries. The Rs 8.88 crore project will be located at Khopoli (Maharashtra) and will have an installed capacity of 5,000 tonnes per annum (tpa). Commercial production is expected to begin by November.

To part-finance this venture, AEL will be entering the capital market in October with an at-par Rs 3.08 crore equity issue.



After a long lull, Indian tourism is expected to head for better times once again. And Leela Kempinski's C.P. Krishnan Nair certainly is not going to be caught napping and miss an opportunity to grab a large chunk of the tourist trade. He is on an expansion drive.

Among his ambitious plans are adding more rooms to the base hotel Leela Kempinski in Bombay and the construction of a five-star resort — Leela Beach — on Goa's sunny sands. Nair is also putting in more muscle in marketing activities: he has introduced the Leela Card (which gives facilities at all Leela hotels) and launched a media blitz. But Nair's company has been a laggard in the stockmarket despite good profits. Will these new plans give the Leela scrip the much-needed lift?

To finance these activities, Nair's Hotel LeelaVenture is approaching its shareholders with an at-par equity rights issue totalling Rs 9.29 crore.



Mention glass, and a gleam comes to Atul Gulati's eyes. And the managing director of Maharashtra Safety Glass Works (MSGW), which makes flat and curved toughened safety glass, speciality glass and TV filter screens, is now on an expansion-cum-diversification drive.

Says Gulati: "In the next two years, the demand for these (glass) products is expected to increase by more than 50%." And to cash in on this demand, Gulati has worked out expansion plans. According to him, the company's thrust will be on continuous upgradation of technology.

The diversification move is a vegetable oil solvent extraction plant employing the most modern technology. The plant, to be located at Ujhani (Uttar Pradesh), is expected to start operations by March 1992. And Gulati is upbeat. "We foresee no difficulty in raw material procurement or marketing," he says.

These projects are expected to cost around Rs 3 crore and the company is coming out with a Rs 2 crore rights issue of fully-convertible debentures to part-finance them by the year-end. The convertibility norms are yet to be decided.

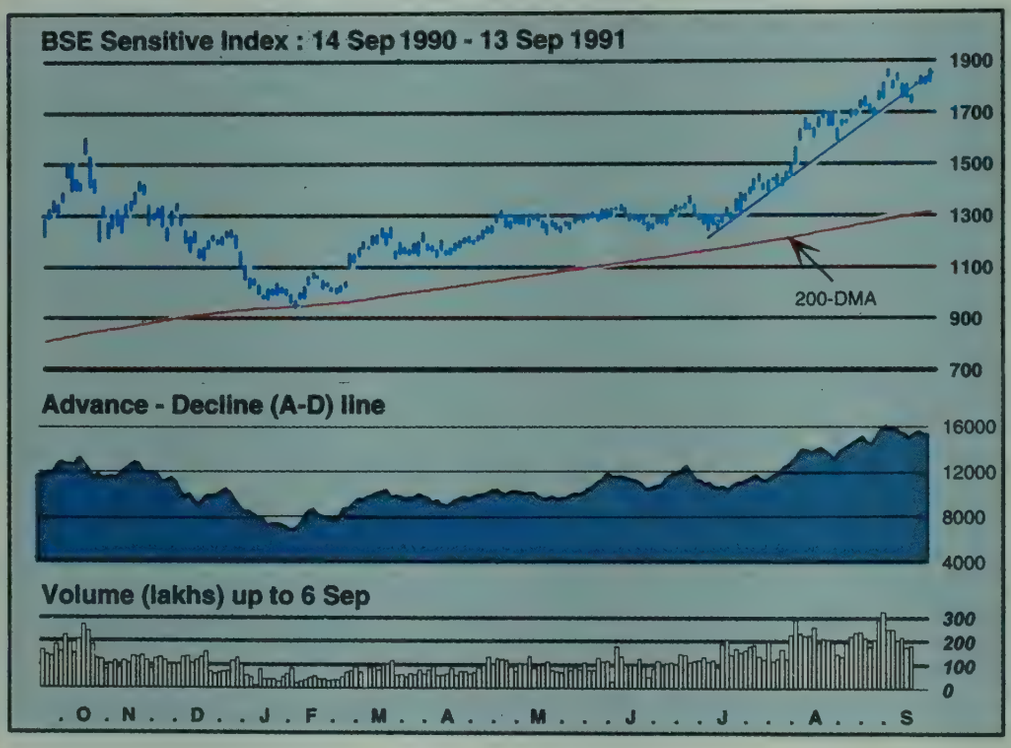
STRAINED RALLY

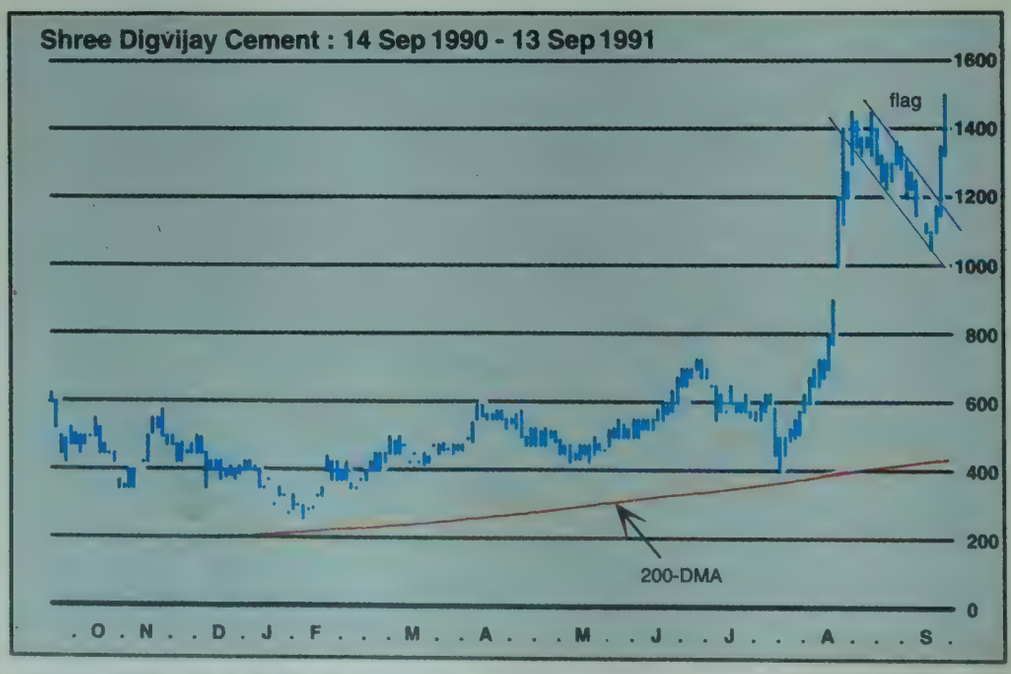
DEEPAK MOHONI



At the end of a fortnight which was riddled with holidays, both indices managed to scrape through to new highs. The Bombay stock exchange sensitive index (BSE Sensex) improved from its 30 August close of 1,764.36 to finish at 1,861.74 on Friday, 13 September. This was a gain of 97.38 points, or 5.4%. The National Index (NI) was considerably more sluggish, improving by 23.40 points (2.7%) from 855.36 to 878.76 over the same period. This, in a fortnight which had just six trading days.

At the time of writing, the rally was under some strain, and in a greater need to reassert itself in order to attain further superiority. The first problem came from the violation of the trendline which has supported both indices since 1 July. Both indices violated their respective trendlines early in the fortnight. The Sensex managed to close above the trendline by the fortnight's end, but the NI was unable to do so. While we may dismiss the Sensex trendline violation as a whipsaw, it is very difficult to do so for the NI, where the rally at the fortnight's end looks more like a pullback. Trendline violations usually result in a market slowdown at best, or an outright trend reversal in the worst case.





While the market made a new high on 13 September, the advance-decline (A-D) line did not. This could, however, be attributed to the fact that the market surged at the fag end of the day, and just did not provide enough time for buying interest to percolate across a wider scrip range. Gainers outnumbered losers marginally. The A-D line is not lagging so far behind the 26 August top as to cause grave concern, and somewhat wider participation in the rally over the next few days would easily correct this imbalance. There would, of course, be cause for concern if lesser stocks failed to join their Sensex counterparts in moving up. Volumes have favoured advances over declines, which is consistent with bull market behaviour.

Thus, we are in a situation where we have a possible divergence between the two indices, trendline violations and a threat to the A-D line. All these can be set right in a day or two, failing which, there would be genuine cause for concern. A crash on the lines of October 1990 is, however, unlikely. There is sufficient reason to believe that the crash owed itself to trading restrictions and unreasonably long settlement delays, neither of which is on this time around. In the case of an intermediate reversal, support levels are available at 1,750, 1,700 or 1,600 — depending on the severity of the decline. The 1,600 level should be a formidable support, as it has worked over a long period.

Even though it seemed poised to rally at the time of writing, the market appears to be overbought. *Badla* (contango) rates during *badla* trading on 7

September had risen from 32.5% during the preceding settlement to 47.8%. In a strong bull surge such as this one, the market may be able to absorb another high settlement, but at least a minor correction would be likely to result thereafter.

The two indices continued to distance themselves from their 200-day moving averages (200-DMAs). These were at 1,317.45 and 651.42 for the Sensex and the NI respectively. Of the 78 "A" group scrips (Deepak Fertilisers was relegated to the "B" group during the fortnight), only two were below their 200-DMAs — Garware Nylon and Mukand. For the market as a whole, 788 scrips were above their 200-DMAs, while 320 were below it. This is a very bullish figure, and suggests that the long-term trend is up. Among individual scrips, Mandovi Pellets was 223% above its 200-DMA, with the second and third positions belonging to Chowgule Steamships (184%) and United Phosphorus (181%).

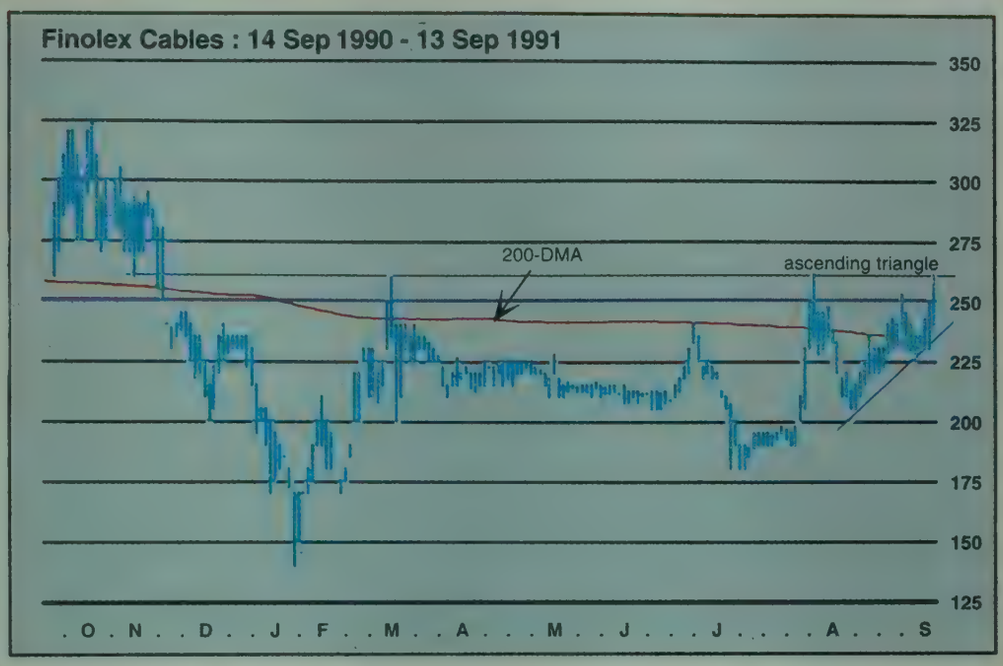
Given the state of the market, more bullish patterns are to be found on individual charts than bearish ones. **Mukand** broke past a descending trendline and resistance levels at Rs 155 and Rs 165. There is no well-defined resistance level now until Rs 190. In the process, the stock would also be moving above its 200-DMA, which was running flat at Rs 176.61. The implication is that the stock may find itself in a long-term uptrend once again.

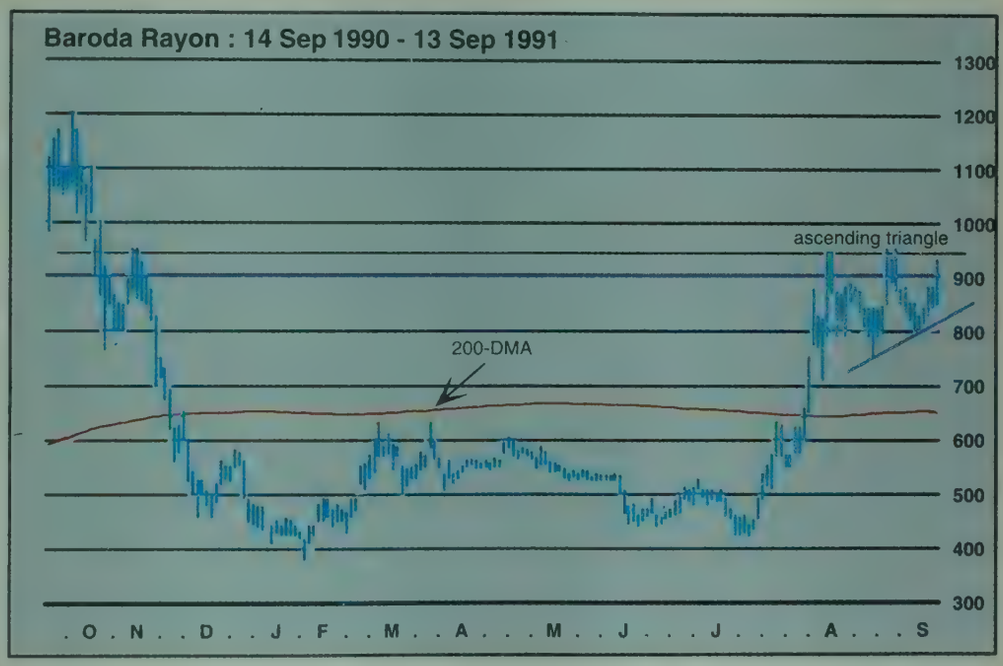
Baroda Rayon is in an ascending triangle, the base of which coincides with a formidable resistance at Rs 950. Clearing this resistance will give the stock a minimum upside target of Rs 1,150 — more likely take it to at least Rs 1,200 which was its previous top. The stock has a 200-DMA of Rs 638.65.

Finolex Cables is also in an ascending triangle, and has to clear a well-defined resistance at Rs 262.50 to attain higher levels. Such a breakout would give it a minimum upside target of Rs 310. The stock has a 200-DMA of Rs 230.35.

Finally, a stock which has already shot through the roof, and is set for another sharp rally. **Shree Digvijay Cement** has just broken out of a flag formation which gives it an incredible 1,000 points to run to a minimum upside target of Rs 2,200. The stock is way above its 200-DMA of Rs 576.86.

• *The author is a director of Midas Vision, which deals in software and computer graphics.*







TWO LONG-TERM PICKS

Lorcom Protectives, a leading manufacturer of rubber contraceptives, was recommended at Rs 65 through these columns (see *BW* 13-26 February 1991). The share price has doubled since and is quoting at around Rs 130 at present. Even at this doubled price, the share is once again being recommended for long-term investment.

Lorcom was promoted in 1981 by Sicom & LRG (India) in collaboration with LRG Overseas of the UK to manufacture 180 million pieces of rubber contraceptives. The project was set up at Chikalthana, a notified backward area in Maharashtra. Trial runs commenced in February 1983 and commercial production began soon after.

Lorcom, which supplies its products to the Indian government, started off well. But its performance in the initial years was hampered by work stoppages on two separate occasions. A lockout was declared in February 1986 which was lifted four months later. Subsequently, a second lockout was declared in October of the same year. The prolonged suspension of work affected the overall working adversely. After a negotiated settlement in May 1987, the factory commenced operations in two stages in June and July the same year. Since then there has been no looking back; and for the 15-month period ended 31 March 1989, Lorcom notched up a turnover of Rs 6.97 crore, gross profit of Rs 2.01 crore and net profit of Rs 1.33 crore. The earning per share (EPS) was an attractive Rs 9.50. After wiping out the carryforward loss of Rs 68 lakh, the company declared a maiden dividend of 25%.

BETTER YEAR

The subsequent year ended March 1990 (12 months) was still better with turnover placed at Rs 7.05 crore, a 27% jump on an annualised basis. Gross profit registered a 17% rise to Rs 1.87 crore and net profit saw a 20% growth to Rs 1.26 crore.

The upward trend has been sustained for the year to March 1991. Turnover stood at Rs 8.16 crore, net profit at Rs 1.62 crore and EPS at Rs 11.57. Dividend was hiked to 30%. As on 31 March 1991, Lorcom's book value stands at Rs 32.70 per share, thus raising the possibility of a bonus issue in the near future.

The increasing awareness about hygiene, investment in public healthcare and the emphasis on immunisation have, over the years, created a demand for disposable medical products. The Lorcom management, therefore, with the availability of investible funds, has chosen to make an entry into the manufacture of disposable syringes and needles. Currently, the shortfall of such disposables is met by imports. The Lorcom project is being financed through loans from institutions and banks as well as internal accruals. The latest technology is being made available by London International group of the UK.

The shares of Lorcom Protectives and Lakshmi Electrical Control Systems appear good for long-term investment

With a bright outlook for the coming years, the Lorcom share, currently priced at Rs 135, appears ideal for long-term investment.

Lakshmi Electrical Control Systems (**LECS**) was promoted by G.K. Devarajulu along with Lakshmi Machine Works of the Coimbatore-based Lakshmi group. The company was set up to manufacture and deal in electronic control systems, contactors, thermal overload relays and the like.

CLIFTON DESILVA



LECS entered into a technical collaboration with Sprecher + Schuh AG Aarau of Switzerland, the leading manufacturer of electronic control systems with a series of subsidiaries and licensees in Switzerland and other parts of the world.

The project was set up at a cost of Rs 2.95 crore, which was financed by equity to the extent of Rs 1.20 crore, preference capital of Rs 20 lakh and term loans of Rs 1.55 crore.

Since commercial production began in November 1984, the company has been growing steadily over the years. Turnover, which was a mere Rs 1.45 crore for the first full year of operations ended 31 December 1985, jumped to Rs 11.72 crore for the year ended 31 March 1991. During this period, gross profit shot up to Rs 2.46 crore from Rs 26 lakh. Net profit was placed at Rs 1.50 crore (Rs 1 lakh). EPS works out to Rs 12.50 and, in view of the improved performance, the management upped the dividend from 25% to 27%.

The Lakshmi group is known to manage its companies well and also for rewarding its shareholders. Even a brand new company from the group — Lakshmi Synthetics — received overwhelming response in its public issue and its share is currently traded at around Rs 70. Lakshmi Machine Works, another group company, is traded around Rs 4,000 while Textool quotes at around Rs 220. And Lakshmi Mills, an investor favourite, is quoting around Rs 2,100.

Based on the general discounting given to the Lakshmi group of companies, the shares of LECS, at Rs 130, appear cheap for long-term investment.

• *The author is a Bombay-based investment manager.*

Last date for the receipt of entries: 12 October 1991

BusinessWorld Investor Contest

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in up to five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld (BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second and Rs 1,000 the third. The names of all the winners will be published in *BW*.

THE RULES

1. The notional amount to be invested is Rs 1 lakh.

2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.

3. Investments in debentures or securities other than equity shares are not permitted.

4. No investment can be made in scrips in which there has been no trading on the reference date for investment (4 October for Contest No 4).

5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).

6. The maximum amount investible in any one scrip is Rs 50,000.

7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 4 October.** Quotations based on prices at stock exchanges other than Bombay will not be permitted.

8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 8 November.** This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the BSE, the investments will be deemed to have been made at the latter prices.

9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.

10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% per annum.

11. Contestants will have the option either to invest the entire amount of Rs 1 lakh (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stock-markets.)

12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No 4, the last date for the receipt of entries is 12 October.** Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters: *BW* INVESTOR CONTEST NO 4 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 25-28, Atlanta, 209, Ceremonial Boulevard, Nariman Point, Bombay 400 021.

13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.

14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.

15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon.

16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar group of publications.

INVESTOR CONTEST NO 4 — ENTRY FORM

Name of scrip	Price on 4 October 1991	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name: _____

Address: _____

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 10 Sept	P/E Multiple	Last Bonus		Bonus % in Cap	MarketPrice				Yield on Mkt Price (%)	Price to BkVal Times
																		Ratio	Year		High 1990 Rs	Low 1990 Rs	High 1991 Rs	Low 1991 Rs		
AbacusComp(10/100/e)	9003	1.4	0.3	0.0	12.1	9.2	0.3	0.45	4.7	0.26	0.26	1.82	15.0	10.0	54	12.00	6.60	–	–	–	35	12	18	9	8.16	0.99
AbanLloyd(10/100/e)	9003	4.0	1.6	0.0	14.0	14.0	0.0	3.72	26.6	1.09	1.09	2.75	19.6	10.0	37	155.00	56.45	–	–	–	58	35	185	36	0.65	11.07
AbbotLabs(10/50/e)	9003	2.3	2.7	0.0	21.8	31.5	0.2	0.36	1.1	0.07	0.07	0.31	1.4	–	NA	62.50	200.9	–	–	40	60	32	70	30	NA	2.86
ACC(100/5/e)	9003	56.0	89.3	0.0	259.5	973.8	17.2	54.41	5.5	17.79	16.85	31.78	12.2	15.00	50	3670.00	115.5	1:5	86	33	2625	229	3730	1300	0.41	14.14
AdvaniOerl(10/100/e)	9003	7.0	9.1	2.5	22.9	107.1	1.3	4.37	4.0	1.21	1.21	1.73	6.5	15.0	87	21.00	12.15	1:1	86	46	33	15	25	16	7.14	0.92
AlembicChem(100/5/e)	9003	4.1	10.0	7.0	343.0	124.0	3.9	4.29	3.4	1.64	1.23	39.81	7.8	16.0	54	560.00	14.07	1:3	66	18	460	250	675	220	2.86	1.63
AlfaLaval(10/50/e)	9103	7.8	34.4	0.0	54.0	104.8	4.0	16.06	14.8	10.28	10.27	13.15	24.4	18.0	14	265.00	20.16	1:2	89	63	247	95	300	150	0.68	4.91
AmalRasayan(10/50/e)	9003	3.2	9.4	2.0	39.4	19.3	0.8	0.93	4.6	0.07	0.07	0.22	0.5	0.0	NA	68.00	309.9	–	–	–	83	38	78	34	NA	1.73
AmritBan(10/100/e)	9103	4.2	15.4	6.0	47.1	303.0	0.8	8.13	2.7	2.38	3.22	5.64	9.2	20.0	26	88.75	15.74	1:1	89	70	83	36	93	45	2.25	1.88
AntifricBear(10/100/e)	9003	3.2	7.9	0.0	34.3	48.1	1.9	6.84	13.7	2.67	2.71	8.08	23.6	25.0	31	106.25	13.15	1:2	81	23	145	60	130	65	2.36	3.10
AP Paper(100/5/e)	9003	5.6	18.6	0.0	429.8	132.3	2.7	17.44	12.9	13.22	12.83	234.81	54.6	25.0	11	1450.00	6.18	1:4	80	20	2100	625	2000	850	1.73	3.37
AppleInds(10/100/d)	9006	6.3	8.2	3.1	22.9	20.9	0.2	8.59	40.7	5.57	6.02	7.03	25.2	25.6	25	40.00	5.69	–	–	–	70	23	48	32	5.84	1.75
ArvindMills(10/50/e)	9003	7.1	38.4	0.0	63.9	179.5	3.4	12.46	6.8	5.25	5.78	7.36	11.5	27.0	33	92.50	12.56	1:3	86	55	120	43	108	52	2.93	1.45
AseaBrownBv(10/50/f)	9012	9.9	35.5	10.1	46.0	219.8	7.3	16.83	7.4	8.74	8.46	8.86	15.8	27.0	31	195.00	22.00	1:3	78	30	165	55	200	85	1.38	4.24
AsianBearings(10/50/e)	9003	7.4	4.0	0.0	15.4	18.6	1.8	1.96	9.6	0.28	-0.13	0.38	2.5	–	NA	20.00	53.07	0.00	–	0	31	14	28	17	NA	1.30
AsianCable(10/50/e)	9003	5.6	14.4	0.8	35.8	78.3	4.4	5.69	6.9	2.75	3.62	4.28	11.5	14.0	24	37.50	8.77	1:3	81	–	53	27	50	30	3.72	1.05
AsianPaints(10/50/e)	9003	12.4	56.5	0.0	55.4	282.9	1.1	27.28	9.6	19.00	19.50	15.23	27.5	45.0	29	263.75	17.32	1:2	87	86	290	208	273	223	1.71	4.76
Assam Co(10/50/e)	9003	14.0	24.2	0.0	27.3	66.4	1.4	24.86	36.7	12.83	12.79	9.16	33.6	55.0	60	160.00	17.46	1:1	89	75	190	110	175	113	3.44	5.87
Astra-IDL(10/50/e)	9003	2.5	3.7	0.0	24.6	21.5	0.2	2.00	9.2	1.06	1.06	4.24	17.2	15.0	36	125.00	29.48	–	–	–	75	38	125	45	1.22	5.07
AtlasCopco(10/50/e)	9003	7.3	7.3	0.0	20.0	46.3	1.6	1.03	2.1	-0.39	-0.53	-0.54	-2.7	–	NA	90.00	NA	1:2	87	82	68	33	108	42	NA	4.50
AtlasCycle(10/50/e)	9003	1.2	8.2	6.7	81.1	108.0	2.9	2.42	2.2	0.83	0.83	6.96	5.0	22.5	33	200.00	28.75	1:2	87	80	180	65	210	105	1.13	2.47
AveryIndia(10/50/e)	9003	4.2	13.5	0.0	42.1	39.6	0.8	7.70	19.1	3.08	3.01	7.33	17.4	35.0	49	172.00	23.45	2:5	84	58	195	109	172	142	2.03	4.08
A.Sarabhai(10/50/e)	9003	18.8	19.9	0.0	20.6	169.0	3.0	1.80	1.0	0.62	1.12	0.33	1.6	–	NA	20.00	60.58	1:5	82	17	26	11	24	11	NA	0.97
BajajAuto(10/50/e)	9103	18.8	297.9	0.0	168.4	1155.0	64.9	161.8	13.3	56.34	55.50	29.95	17.8	100.0	34	417.50	13.94	1:1	87	95	770	355	750	395	2.40	2.48
BajajElect(100/5/e)	9003	1.9	8.9	2.9	564.6	108.1	3.6	5.41	4.8	2.85	2.80	148.44	20.8	25.0	17	1150.00	7.75	1:1	89	50	1600	540	1250	675	2.17	2.04
BajajHind(100/5/e)	9003	5.6	24.2	37.5	531.4	124.6	2.0	7.11	5.6	2.21	2.23	39.46	3.3	18.0	45	148.75	3.77	1:4	86	95	1500	360	155	87	12.12	0.28
BajajTempo(10/50/e)	9003	6.6	36.5	0.0	65.1	219.1	2.2	23.25	10.5	6.87	5.45	10.38	15.9	20.0	24	212.50	20.48	1:1	86	87	325	118	258	109	0.94	3.26
BakeliteHylam(10/50/e)	9003	4.5	10.9	9.1	34.2	81.6	3.0	4.68	5.5	1.34	1.72	2.98	5.5	18.0	47	65.00	21.83	2:3	80	78	54	29	68	40	2.77	1.90
BallarpurInd(10/100/e)	9003	21.0	100.9	180.0	58.1	572.0	17.8	66.46	11.3	39.66	49.63	18.81	13.1	28.0	12	310.00	16.48	1:2	89	74	310	112	320	240	0.90	5.34
BarodaRayon(100/5/e)	9003	18.0	51.6	0.0	386.9	245.5	2.5	39.05	15.8	23.82	23.82	131.83	34.1	25.0	19	850.00	6.45	1:2	82	23	1875	435	950	400	2.94	2.20
BASF(10/50/e)	9103	6.4	18.5	2.5	39.0	102.3	2.0	13.18	12.6	5.60	5.51	8.76	20.4	20.0	23	185.00	21.11	1:2	90	71	240	110	230	100	1.08	4.74
Bata(10/50/e)	8912	10.5	12.7	6.9	22.0	321.3	0.5	9.39	2.9	3.61	3.61	3.44	12.0	15.0	44	116.00	33.74	1:1	87	93	107	64	120	76	1.30	5.26
Bayer(100/5/e)	9003	16.2	17.7	0.0	208.8	148.1	2.2	11.29	7.5	5.32	5.32	32.80	15.7	20.0	61	1125.00	34.30	1:1	87	78	1100	600	1175	600	1.78	5.39
BergerPaints(10/100/e)	9003	4.2	16.3	3.2	48.9	100.5	0.4	2.64	2.6	1.76	1.72	4.20	7.4	20.0	49	42.50	10.12	1:1	88	47	55	35	48	35	4.72	0.87
Best&Cromp(10/50/e)	9003	7.6	16.6	4.8	32.0	176.9	2.3	3.68	2.1	2.06	1.46	2.72	7.1	10.0	52	47.50	17.43	3:5	82	27	78	35	54	26	2.12	1.49
Bhadrachalam(10/50/e)	9003	10.6	24.4	0.0	33.1	123.0	1.0	15.23	12.3	8.11	12.61	7.63	23.0	32.5	27	220.00	28.85	–	–	–	154	80	223	75	1.48	6.64
BharatForge(10/50/e)	9003	14.6	44.3	0.0	40.3	184.7	11.8	21.08	10.7	9.91	8.39	6.77	16.8	22.8	40	240.00	35.46	1:1	88	59	275	85	260	140	0.95	5.96
BharatVijay(100/5/e)	9003	2.8	13.1	6.5	571.5	76.0	1.2	5.62	7.3	2.90	2.40	104.69	13.0	22.0	25	1050.00	10.03	1:6	83	54	1500	475	1150	570	2.10	1.84
BiharAlloys(10/50/e)	9003	8.3	0.9	0.0	11.1	93.5	0.3	0.30	0.3	-1.76	-1.76	-4.46	-40.1	–	NA	17.00	NA	–	–	–	40	19	23	14	NA	1.53
BimetalBear(10/50/e)	9003	3.8	12.1	0.0	41.7	27.4	1.0	7.60	26.7	3.93	4.11	10.26	24.6	21.0	19	200.00	19.49	1:1	89	76	230	80	210	120	1.04	4.80
BindalAgro(10/50/e)	8912	14.9	48.3	0.0	42.5	122.1	5.4	16.41	12.9	13.01	13.01	8.76	20.6	50.00	57	46.25	5.28	–	–	–	85	38	55	36	10.80	1.09
BirlaJute(10/100/e)	9003	20.4	95.3	64.5	56.8	467.8	16.2	26.60	5.5	4.65	4.69	2.28	2.6	18.0	78	370.00	162.1	1:1	86	86	240	52	375	155	0.49	6.52
BlueStar(10/50/e)	9003	3.6	15.5	10.4	53.6	170.7	4.3	7.44	4.3	4.72	4.72	13.27	16.0	30.0	23	65.00	4.90	1:1	90	83	180	70	130	58	4.59	1.21
BombayDyeing(10/50/e)	9003	11.2	88.2	0.0	88.5	387.4	6.6	49.72	12.6	23.62	22.02	21.01	23.8	40.0	20	291.25	13.86	1:1	90	87	445	155	293	150	1.37	3.29
Boots(10/50/e)	9003	8.1	11.1	0.0	23.7	75.8	2.4	9.34	11.9	4.74	4.73	5.85	24.7	30.0	51	210.00	35.89	1:1	87	86	145	90	235	93	1.43	8.88
Britannia(10/100/e)	9003	18.6	27.3	0.0	24.7	314.3	7.0	17.36	5.4	9.76	10.14	5.26	21.3	24.0	44	185.00	35.20	1:2	89	89	170	52	203	110	1.30	7.50
BrookeBond(10/50/e)	9012	44.2	53.5	0.0	22.1	637.2	12.3	58.03	9.4	31.44	32.68	6.99	32.7	40.0	46	140.00	19.03	4:5	89	83	175	92	160	118	2.86	6.33
BST(10/50/b)	8903	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-3.21	-8.2	–	NA	9.50	NA	1:1	74	36	NA	NA	–	–	NA	0.68
CableCorp(10/100/e)	9003	9.0	25.9	0.0	38.8	128.5	3.8	15.71	11.9	9.89	9.79	10.99	28.3	28.0	26	105.00	9.56	1:2	87	71	118	60	110	89	2.67	2.71
Cadburys(10/50/e)	9003	8.4	14.7	0.0	27.5	108.4	1.0	11.65	10.7	5.30	5.55	6.31	23.0	35.0	53	187.50	29.72	1:1	87	80	189	134	200	135	1.87	6.83
Camphor&Allied(10/50/e)	9003	3.3	8.1	0.0	34.5	38.0	0.4	5.40	14.1	3.49	3.08	10.54	30.5	25.0	27	70.00	6.64	1:3	82	41	95	40	83	43	3.58	2.03
Carborundum(10/50/l)	9003	8.3	27.7	4.8	43.4	50.4	1.2	8.30	16.1	4.20	4.20	8.69	17.7	25.6	30	133.50	15.37	2:5	87	–	131	75	144	98	1.12	3.07
Castrol(10/50/f)	9103	9.8	40.3	1.7	50.9	183.9	4.4	34.00	18.1	21.08	21.11	21.40	40.7	4.5	21	445.00	20.79	3:5	90	63	320	161	455	163	1.01	8.75
Ceat(10/50/e)	9006	14.8	85.6	23.6	68.0	499.5	15.9	31.01	6.0	22.44	18.68	15.20	18.1	30.0	24	117.50	7.73	1:2	86	–	160	68	125	70	2.55	1.73
Cemindia Co(10/50/e)	9003	1.3	8.6	0.0	77.1	23.1	0.1	2.22	9.6	0.89	0.73	6.95	9.0	30.0	52	182.50	26.25	3:5	84	38	150	75	185	80	1.63	2.37
ChowguleStShip(10/50/e)	9003	10.0	2.4	0.0	12.4	53.3	0.0	13.75	25.8	2.29	2.29	2.29	18.5	–	NA	102.00	44.54	5:2	77	35	34	14	115	13	NA	8.26
ClassicDiam(10/100/e)	9003	3.5	7.1	0.0	30.2	73.2	0.1	5.50	7.5	5.18	5.26	14.80	49.0	20.0	13	57.00	3.85	–	–	–	84	48	60	38	3.51	1.89
CochinRef(100/5/e)	9003	71.7	136.5	0.0	290.4	1342.6	0.7	94.75	7.1	64.46	68.76	89.91	31.0	21.0	21	780.00	8.67	–	–	–	996	480	950	670	2.58	2.69
ColourChem(100/5/e)	9103	7.9	16.9	0.0	312.7	131.9	6.1	9.27	6.7	4.16	4.99	52.34	16.7	22.0	35	1250.00	23.88	2:5	80	84	850	575	1300	625	1.76	4.00
ConsFounda(10/100/e)	9003	0.5	1.2	0.0	33.5	7.1	0.7	0.80	10.2	0.13	0.15	2.50	7.5	14.0	47	18.00	7.20	–	–	10	45	20	25	11	7.48	0.54

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months; m-6 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 10 Sept	P/E Multiple	Last Bonus		Bonus % in Cap	MarketPrice				Yield on Mkt Price (%)	Price to BkVal Times
																		Ratio	Year		High	Low	High	Low		
																					1990		1991			
																					Rs	Rs	Rs	Rs		
CromptonGr(100/5/e)	9003	19.2	38.8	27.8	302.3	510.4	7.0	27.26	5.3	13.08	13.45	68.13	15.2	18.0	26	1375.00	20.18	1:1	89	84	1800	800	1450	683	1.31	4.55
Cyanamid(10/50/e)	9003	5.3	12.5	0.0	33.8	66.8	2.4	8.27	12.0	4.09	4.06	7.79	23.0	25.0	32	170.00	21.82	9:4	79	73	150	56	175	81	1.47	5.03
DCM(10/100/e)	9003	23.0	37.8	0.0	26.4	774.8	25.5	25.48	3.2	9.85	7.63	4.28	16.2	–	NA	250.00	58.43	4:5	71	61	110	46	300	123	NA	9.46
DCW(10/50/e)	9003	5.9	23.5	5.0	49.8	133.6	2.1	13.27	9.8	6.41	4.51	10.88	18.6	25.0	33	106.25	9.76	1:1	88	67	155	40	118	55	2.35	2.13
DeepakFert(10/50/e)	9003	32.7	37.1	0.0	21.3	36.2	13.7	21.86	43.9	11.95	11.97	3.58	16.8	18.0	31	31.00	8.65	–	–	–	44	26	39	24	3.60	1.45
DeepakNitrite(10/50/e)	9003	2.4	8.4	8.8	44.7	37.5	4.8	5.90	13.9	3.54	3.63	14.57	18.0	30.0	20	112.50	7.72	2:5	85	81	155	80	115	81	2.67	2.52
DharamsiChem(10/50/e)	9003	6.4	14.8	0.0	33.0	120.8	2.4	10.51	8.5	6.22	4.09	9.69	29.3	25.0	39	55.00	5.68	2:5	79	88	100	40	75	40	4.56	1.67
Dunlop(10/100/e)	9003	19.0	67.2	88.8	45.4	572.7	8.4	26.80	4.6	8.15	9.08	4.25	4.6	30.0	63	80.00	18.83	1:3	76	54	90	50	85	33	3.75	1.76
Duphar(10/50/e)	9103	1.8	5.0	0.0	37.0	39.1	0.8	2.58	6.5	1.16	1.16	6.29	17.0	15.0	24	120.00	19.08	1:3	88	74	100	40	130	59	1.25	3.24
EicherMotors(10/100/e)	9003	10.0	0.3	0.0	10.3	113.6	0.6	4.25	3.7	3.21	3.21	3.21	31.3	–	NA	42.50	13.23	–	–	–	56	13	54	34	NA	4.15
EID-Parry(10/50/e)	9103	6.3	22.8	13.1	46.3	223.6	38.3	14.56	5.6	6.46	6.46	10.29	15.3	30.0	29	160.00	15.55	–	–	–	105	72	165	69	1.88	3.46
EleconEngg(10/50/e)	9003	5.7	26.6	0.0	57.1	99.8	1.7	7.54	7.4	0.78	1.03	1.38	2.4	12.0	66	52.50	38.03	3:5	87	61	88	53	55	48	2.29	0.92
ElgiEquip(10/50/e)	9103	1.0	12.5	0.0	134.9	71.5	1.0	5.05	7.0	1.91	1.83	19.06	14.1	22.0	12	350.00	18.36	1:1	86	88	350	200	360	190	0.63	2.59
Enfield(10/100/e)	9103	8.0	0.0	8.5	10.0	81.6	0.5	0.19	0.2	-2.50	-2.50	-3.11	-15.2	–	NA	23.00	NA	1:1	85	31	21	6	–	–	NA	2.30
EnglishElect(10/100/e)	9103	18.0	18.2	0.0	20.1	128.7	1.7	15.20	11.7	7.06	19.03	3.92	19.5	13.5	13	96.00	24.48	1:1	90	88	154	56	133	63	1.41	4.77
Escorts(10/50/e)	9103	33.9	124.9	21.3	46.8	942.6	33.3	65.49	6.7	33.40	33.39	9.85	18.5	35.0	36	162.50	16.49	3:5	86	57	215	78	178	135	2.15	3.47
Eskayef(10/50/e)	9003	7.5	26.6	0.0	45.4	67.2	1.1	12.64	18.5	7.83	7.83	10.44	23.0	30.0	29	230.00	22.03	1:2	88	33	200	116	237	110	1.30	5.06
EssarShipp(10/100/e)	9006	46.4	71.2	0.4	25.3	149.0	0.6	59.07	39.5	36.42	37.08	7.77	30.6	22.0	28	55.00	7.08	–	–	–	49	25	65	20	4.00	2.17
EssenComp(10/50/e)	9003	1.3	8.4	0.0	73.2	23.6	0.8	2.81	11.5	1.80	1.80	13.53	18.5	25.0	18	27.50	2.03	–	–	–	120	48	75	17	9.02	0.38
EverestBldg(10/50/e)	9003	2.5	15.4	0.0	72.3	78.2	2.0	6.69	8.3	4.39	3.56	17.77	24.6	20.0	24	125.00	7.03	1:3	66	41	290	95	160	88	2.79	1.73
ExcelInd(10/50/e)	9003	4.6	18.1	0.0	49.1	101.9	4.8	14.79	13.9	9.23	7.38	19.98	40.7	50.0	31	420.00	21.02	4:5	84	84	430	167	440	220	1.19	8.55
FerroAlloys(10/50/e)	9103	8.7	34.8	0.0	49.8	205.2	3.9	-11.72	-5.6	-21.02	-21.02	-24.08	-48.3	0.0	NA	70.00	NA	1:2	80	43	126	45	78	33	NA	1.40
FinolexCables(10/50/e)	9003	3.2	38.5	0.0	128.9	109.8	7.1	13.59	11.6	9.15	9.15	28.24	21.9	50.0	18	241.25	8.54	4:5	88	44	410	195	260	170	2.07	1.87
FinolexPipes(10/100/e)	9003	10.9	6.5	0.0	16.0	74.1	2.0	4.77	6.3	3.17	3.48	2.91	18.2	18.0	39	29.00	9.98	–	–	51	65	24	33	20	4.33	1.81
GE Shipping(10/100/f)	9003	68.1	87.0	0.0	22.8	213.1	16.0	78.27	34.2	39.84	3.91	5.85	25.7	20.0	218	95.00	16.23	2:3	81	36	55	27	105 **	26	1.32	4.17
GeneralElect(10/50/e)	9003	14.4	24.4	0.0	27.0	173.3	2.6	8.96	5.1	5.20	5.20	3.61	13.4	10.0	28	76.00	21.05	1:1	89	77	48	8	77	30	1.32	2.82
GermanRem(10/50/e)	9003	3.3	9.2	0.0	38.3	69.8	4.2	7.27	9.8	4.32	4.47	13.25	34.6	20.0	15	128.75	9.72	3:5	82	80	400	68	155	85	1.55	3.36
Glaxo(10/50/e)	9103	20.0	61.2	0.0	40.6	410.3	12.9	26.27	6.2	10.60	10.60	5.30	13.0	27.0	51	170.00	32.08	1:3	80	54	128	80	185	83	1.59	4.19
GNFC(10/50/e)	9003	89.0	99.9	0.0	21.2	330.4	3.8	55.00	16.5	5.68	5.68	0.64	3.0	10.0	125	42.50	66.59	–	–	–	60	33	49	31	1.88	2.00
GodfreyPhil(10/100/e)	9003	2.6	6.4	0.0	34.8	466.1	2.4	9.61	2.1	3.97	3.97	15.19	43.7	50.0	33	445.00	29.29	1:1	75	34	250	48	480	175	1.12	12.80
GokakPatel(10/50/e)	9003	6.5	26.0	0.0	49.8	101.7	2.8	15.43	14.8	8.93	7.43	13.70	27.5	32.1	28	310.00	22.63	1:1	87	79	270	75	330	150	1.03	6.22
GoodlassNero(10/50/e)	9103	3.2	10.3	7.5	41.9	167.0	0.6	5.67	3.4	2.82	2.82	8.71	13.4	22.5	26	67.50	7.75	5:7	78	57	160	60	88	50	3.33	1.61
GordonWood(10/50/e)	9003	2.5	1.1	3.4	14.6	15.8	3.0	-0.71	-3.8	-0.85	-0.85	-3.41	-12.1	–	NA	18.00	NA	–	–	23	18	7	20	7	NA	1.23
GraphiteIndia(10/50/e)	9003	4.2	11.6	0.0	37.5	55.5	1.6	5.20	9.1	2.85	2.93	6.77	18.0	20.0	29	50.00	7.39	1:2	80	56	56	15	53	32	3.99	1.33
Grasim(10/50/e)	9103	60.5	343.7	49.5	66.8	1229.0	94.4	183.5	13.9	96.00	130.0	15.83	21.1	35.0	16	325.00	20.53	3:4	88	61	278	106	335	168	1.04	4.86
GreavesCotton(100/50/e)	9003	9.9	27.6	0.0	379.9	212.9	3.6	11.13	5.1	5.27	6.54	53.14	14.0	18.0	27	102.50	1.93	1:2	88	86	115	70	109	60	17.51	0.27
GSFC(10/50/e)	9003	44.4	335.7	0.0	85.6	682.5	10.9	88.78	12.8	54.09	40.08	12.17	14.2	30.0	29	241.25	19.82	3:10	87	64	308	155	260	158	1.07	2.82
GTC Ind(10/50/e)	9003	5.0	14.7	43.7	39.3	223.2	21.6	8.13	3.3	5.40	5.40	10.80	8.5	35.0	32	157.50	14.58	1:4	72	66	85	21	195	55	2.22	4.01
Guj Alkalies(10/50/e)	9003	17.9	33.9	0.0	28.9	112.4	0.8	20.31	17.9	7.55	6.05	4.22	14.6	26.0	77	170.00	40.33	1:5	87	18	140	75	178	120	1.53	5.88
Guj Ambuja(10/100/e)	9106	20.0	46.2	0.0	33.1	153.2	8.2	49.05	30.4	39.00	30.61	19.50	58.9	40.0	26	271.25	13.91	–	–	–	136	21	265	94	1.47	8.20
Guj Steel(10/50/e)	9003	4.6	11.1	6.5	34.1	125.2	0.3	4.52	3.6	1.97	1.97	4.28	8.9	15.0	35	23.00	5.37	1:1	82	57	47	22	27	19	6.52	0.67
HCL(10/100/e)	9006	14.9	29.4	0.0	29.8	226.7	3.3	7.93	3.4	5.65	6.14	3.80	12.8	10.0	24	70.00	18.40	–	–	–	70	24	83	30	1.42	2.35
HDFC(100/10/e)	9103	45.0	108.6	0.0	341.4	263.0	0.5	43.32	16.4	29.81	29.81	66.24	19.4	22.0	19	400.00	6.04	–	–	–	480	300	560	250	3.19	1.17
Herdillia(10/50/e)	9103	7.4	35.4	12.9	58.2	107.7	7.3	12.98	11.3	6.31	7.57	8.58	11.3	26.0	25	145.00	16.89	1:2	78	33	140	75	155	78	1.79	2.49
HeroHonda(10/50/e)	9003	16.0	0.0	0.0	10.0	149.8	2.9	6.97	4.6	-0.32	-0.32	-0.20	-2.0	–	NA	137.50	NA	–	–	–	85	15	155	58	NA	13.74
Hind Ciba(100/5/e)	9003	17.7	48.2	0.0	371.9	246.3	4.6	31.14	12.4	13.74	13.74	77.58	20.9	32.0	41	1775.00	22.88	1:2	80	74	1900	650	1975	700	1.80	4.77
Hind Motors(10/100/e)	9003	26.4	46.7	31.6	27.7	609.7	7.9	14.97	2.4	2.02	4.67	0.77	1.9	7.5	42	45.00	58.75	1:1	86	58	57	20	47	17	1.67	1.62
HindLever(10/50/e)	9012	93.3	162.1	0.0	27.4	1201.1	6.0	128.0	10.4	65.85	74.03	7.06	23.5	42.0	59	152.50	20.23	1:1	87	91	173	101	195	144	2.75	5.57
HMM (10/50/e)	9003	14.2	28.0	0.0	29.7	141.1	5.0	28.03	19.2	16.98	18.03	11.97	40.3	62.0	49	410.00	34.24	1:1	87	96	403	230	423	305	1.51	13.79
Hoechst(100/5/e)	9003	9.6	40.0	16.1	517.0	256.9	29.5	14.17	4.9	9.05	6.44	94.47	13.8	20.0	30	4000.00	42.34	1:2	82	72	3300	1260	4250	2650	0.50	7.74
HyderabadInd(10/50/e)	9003	5.7	41.3	8.5	82.8	133.8	4.4	14.24	10.3	7.37	7.37	13.00	13.3	30.0	23	175.00	13.46	1:1	88	83	153	77	180	130	1.71	2.11
ICI India(10/50/e)	9003	40.9	38.8	71.8	19.5	507.2	137.7	18.32	2.8	-12.19	-12.19	-2.98	-8.1	–	NA	70.00	NA	1:3	78	21	70	31	80	28	NA	3.59
IndiaCements(10/50/e)	9003	4.9	20.9	22.9	52.6	146.5	2.1	7.45	5.0	2.81	2.47	5.73	5.8	15.0	30	300.00	52.31	2:5	70	29	170	15	310	88	0.50	5.70
IndiaFoils(10/50/e)	9003	4.4	16.2	3.7	47.0	113.3	1.3	5.13	4.5	2.10	2.10	4.79	8.7	23.0	48	98.75	20.60	1:4	82	11	100	65	105	75	2.34	2.10
IndianAlum(10/100/d)	8903	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	5.35	20.5	20.0	37	198.75	37.18	2:5	77	38	260	110	213	150	1.26	7.62
IndianDystuff(100/5/e)	9003	11.3	17.0	14.2	250.1	206.3	10.7	13.46	6.2	4.18	3.25	36.96	9.8	14.0	49	1150.00	31.12	1:4	80	33	850	250	1225	450	1.21	4.60
IndianHotels(10/50/e)	9003	14.8	51.4	0.0	44.8	138.3	3.3	20.57	14.5	11.52	8.52	7.79	17.4	25.0	43	145.00	18.62	1:2	89	66	135	83	150	90	1.73	3.24
IndianOrganic(10/50/e)	9003	18.4	26.4	0.0	24.3	240.4	5.2	22.16	9.0	8.52	8.52	4.63	19.0	15.0	32	74.00	15.98	1:2	85	46	91	35	78	31	2.03	3.04
IndianRayon(10/50/e)	9003	25.4	134.5	58.4	62.9	405.2	8.9	47.55	11.5	19.79	19.86	7.78	9.1	30.0	38	248.00	31.88	1:4	80	3	175	84	254	114	1.21	3.94
IndiaSteamship(10/50/e)	8903	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	11.72	-26.6	–	NA	22.00	1.88	1:1	75	27	19	12	23	9	NA	NA

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months.; m-6 months.

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 10 Sept	P/E Multiple	Last Bonus		Bonus % in Cap	MarketPrice				Yield on Mkt Price (%)	Price to BkVal Times
																		Ratio	Year		High 1990 Rs	Low 1990 Rs	High 1991 Rs	Low 1991 Rs		
IngersollRand(10/50/e)	9003	15.8	34.3	0.0	31.7	111.3	7.8	21.96	18.4	14.34	15.09	9.09	28.7	25.0	26	340.00	37.41	1:1	89	98	305	190	385	240	0.74	10.72
IOL (10/50/e)	9003	14.6	18.1	13.4	22.4	168.4	1.4	7.85	4.6	0.25	1.80	0.17	0.5	10.0	81	73.00	426.3	1:3	85	81	56	31	80	30	1.37	3.26
ITC(10/100/e)	9103	66.3	111.3	80.8	26.8	2286.5	29.9	132.2	5.7	77.52	72.77	11.69	30.0	54.0	49	297.50	25.46	1:1	89	63	180	50	300	103	1.81	11.11
Jagatjitind(10/100/e)	9003	6.1	23.3	3.8	48.4	151.6	1.5	13.44	8.8	5.97	6.34	9.83	18.0	35.0	34	125.00	12.71	1:1	88	92	120	74	140	80	2.81	2.58
Jaiprakash(10/100/e)	9003	66.1	49.0	9.5	17.4	309.9	17.9	42.50	13.0	17.04	17.11	2.58	13.7	15.0	58	56.50	21.93	–	–	–	37	13	59	18	2.65	3.25
JayshreeTea(10/50/e)	9103	6.2	33.3	22.2	64.2	126.0	27.1	28.26	18.5	12.89	19.30	20.96	20.9	32.5	10	222.50	10.62	1:2	85	92	240	77	240	170	1.46	3.46
Jenson&Nichol(10/50/e)	9003	1.5	6.0	1.9	50.1	76.8	0.4	2.82	3.7	1.84	1.84	12.16	19.4	20.0	16	85.00	6.99	8:7	82	35	148	69	91	73	2.35	1.70
JindalStrips(10/100/e)	9003	6.6	27.0	0.0	50.8	276.0	4.9	19.06	6.8	11.92	9.67	18.06	35.5	40.0	16	355.00	19.66	1:1	89	79	280	100	355	135	0.67	6.98
JK Synth(10/100/e)	8903	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	4.69	6.5	22.0	39	54.50	11.63	1:3	83	53	90	35	56	27	3.42	1.24
Jyoti(10/50/e)	9003	2.7	10.2	8.5	48.2	48.3	0.2	-0.06	-0.1	-0.64	-0.99	-2.39	-3.0	–	NA	30.00	NA	1:2	77	24	40	8	37	18	NA	0.62
KanoriaChem(10/100/e)	9003	4.0	17.1	0.0	52.4	74.6	3.7	6.11	7.8	1.07	1.17	2.65	5.1	15.0	51	74.00	27.94	1:2	89	78	48	13	74	27	2.01	1.41
KEC Inter(10/50/e)	9003	7.3	32.3	4.3	54.0	112.7	3.2	5.31	4.6	2.89	3.31	3.94	6.6	18.0	36	39.00	9.91	1:1	83	24	75	37	54	34	4.19	0.72
Kesoramind(10/100/e)	9003	11.5	54.7	46.4	57.7	217.5	8.1	10.86	4.8	-1.70	3.14	-1.60	-1.6	8.7		175.00	NA	1:2	79	54	135	42	180	65	0.50	3.03
KineticEngg(10/50/e)	9103	2.8	25.1	0.0	99.0	121.0	3.0	13.89	11.2	3.43	3.23	12.14	12.3	25.0	21	177.50	14.62	1:1	89	78	355	134	225	160	1.36	1.79
KineticHonda(10/100/i)	8903	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	1.35	10.5	–	NA	90.00	66.88	–	–	–	98	40	98	54	NA	7.01
KirloskarCum(10/50/e)	9003	26.4	50.0	0.0	29.0	227.3	5.9	25.70	11.0	11.65	9.66	4.41	15.2	20.0	55	172.50	39.09	1:1	86	94	125	65	190	104	1.16	5.96
KirloskarOil(10/50/e)	9003	5.8	17.3	0.0	40.1	140.2	4.1	7.30	5.1	3.41	2.93	5.74	14.3	16.0	33	85.00	14.81	3:7	76	77	70	27	87	34	1.88	2.12
KirloskarPneu(10/50/e)	9003	3.9	11.1	0.0	38.8	75.0	2.8	6.84	8.8	2.79	2.74	7.25	18.7	18.0	25	43.75	6.04	–	–	–	88	37	58	35	4.10	1.13
Kothariind(10/50/f)	9003	7.8	9.9	40.0	22.6	50.5	6.0	7.58	13.4	6.35	5.31	10.80	14.7	24.0	26	85.00	7.87	–	–	–	108	32	88	45	2.04	3.76
KSB Pumps(10/50/e)	9103	8.7	24.2	0.0	37.8	57.1	2.2	13.60	23.0	7.13	7.13	8.20	21.7	25.0	31	300.00	36.61	1:1	89	90	260	160	310	170	0.83	7.93
L & T(10/50/e)	9003	68.1	268.6	80.0	49.5	1091.6	26.8	99.51	8.9	38.73	42.97	5.69	9.3	25.0	37	152.50	26.81	3:5	86	56	173	57	165	90	1.54	3.08
LakhanpalNat(10/50/e)	9003	4.6	8.1	0.0	27.7	67.5	2.0	2.19	3.2	0.93	0.08	2.04	7.4	16.0	800	72.50	35.63	1:1	87	25	40	23	76	27	1.93	2.62
LakshmiMach(100/5/e)	9003	6.1	25.3	0.0	513.9	185.4	0.7	21.07	11.3	8.44	8.44	138.36	26.9	25.0	18	4000.00	28.91	1:2	89	58	4250	690	4200	2715	0.63	7.78
MadrasCement(100/5/e)	9103	3.0	30.5	0.0	1107.1	139.4	0.5	29.12	20.8	18.51	19.41	608.7	55.0	30.0	5	6600.00	10.84	–	–	–	4200	421	6700	3100	0.45	5.96
MaduraCoats(10/50/e)	9003	21.8	56.5	55.6	35.9	337.1	5.4	34.65	10.1	18.47	18.74	8.47	13.8	40.0	47	210.00	24.80	1:2	86	47	325	101	370	183	1.91	5.85
MafatlalDyes(10/50/e)	9003	2.1	7.1	0.0	44.0	50.5	1.3	2.26	4.4	1.14	1.14	5.43	12.4	20.0	37	55.00	10.13	1:4	89	80	63	29	75	30	3.64	1.25
MafatlalFine(100/5/e)	9003	14.9	19.0	0.0	227.6	204.3	20.6	2.00	0.9	-4.79	-4.35	-32.19	-14.1	–	NA	640.00	NA	1:3	80	39	770	205	725	330	NA	2.81
MafatlalInd(100/5/e)	9003	13.5	43.8	0.0	425.7	150.2	12.2	11.15	6.9	3.05	3.05	22.68	5.3	22.0	97	1200.00	52.92	1:5	78	25	1450	360	1425	650	1.83	2.82
MahaScooters(10/50/e)	9003	2.9	36.4	0.0	137.4	109.8	14.1	16.96	13.7	12.36	10.14	43.22	31.5	40.0	11	210.00	4.86	1:1	90	65	570	175	230	170	1.90	1.53
Mah&Mah(10/50/e)	9003	19.3	84.5	29.0	53.9	883.6	38.0	40.15	4.4	15.97	12.60	8.29	12.0	25.0	38	90.00	10.85	2:3	84	72	130	65	115	65	2.78	1.67
MangChem(10/50/b)	9009	59.7	0.2	0.0	10.0	225.2	0.8	-24.75	-10.9	-39.29	-39.29	-6.58	-65.6	0.0	NA	22.00	NA	–	–	–	39	14	26	11	NA	2.19
McDowells(10/100/e)	9003	7.7	54.0	55.6	80.3	230.2	9.8	14.59	6.1	8.11	8.11	10.55	6.9	25.0	24	72.00	6.83	1:1	86	–	100	64	74	56	3.47	0.90
Mico(100/5/e)	9012	38.1	78.4	0.0	306.1	325.0	7.4	59.90	18.0	14.93	15.89	39.23	12.8	14.0	34	1525.00	38.87	1:1	86	91	1350	690	1625	700	0.92	4.98
Modiind(10/100/e)	9003	3.3	4.5	10.9	23.5	197.0	7.9	-6.61	-3.2	-10.19	-14.17	-30.91	-54.8	–	NA	15.00	NA	1:5	69	26	33	15	20	10	NA	0.64
ModiRubber(10/50/e)	9003	10.4	56.0	0.0	63.9	473.8	8.5	25.06	5.2	6.08	7.16	5.86	9.2	25.0	36	90.00	15.37	–	–	–	100	44	105	50	2.78	1.41
ModiSteels(10/100/e)	9003	2.4	2.5	0.0	20.5	20.6	0.4	1.52	7.2	1.08	1.08	4.58	22.3	18.0	40	37.50	8.19	1:1	87	14	48	23	44	28	4.86	1.83
ModiXerox(10/50/e)	9103	19.5	9.3	0.0	14.8	136.5	0.7	16.10	11.7	9.56	9.56	4.91	33.2	25.0	51	92.50	18.84	–	–	–	110	60	93	60	2.70	6.25
MRF(10/50/m)	9009	3.9	63.2	0.0	173.8	341.7	1.6	26.35	7.7	9.54	8.36	49.45	28.4	30.0	14	600.00	12.13	1:2	75	46	470	190	700	300	0.50	3.45
Mukand(10/50/e)	9003	14.7	49.5	43.3	43.6	527.4	5.0	32.24	6.1	19.03	13.77	12.91	17.7	30.0	32	165.00	12.78	1:2	88	72	275	127	233	117	1.82	3.79
NationalRayon(100/5/e)	9003	6.0	8.2	63.5	237.1	201.6	2.0	13.10	6.4	10.89	10.89	181.20	14.0	–	NA	1130.00	6.24	1:4	72	23	1700	385	1140	328	NA	4.77
NationalSteel(10/100/e)	9003	10.8	2.9	0.0	12.7	73.7	0.5	2.67	3.6	0.45	0.38	0.42	3.3	–	NA	14.50	34.86	–	–	–	31	9	18	12	NA	1.14
NipponDenro(10/100/i)	9006	19.2	35.5	0.0	28.5	408.1	1.8	24.23	5.9	13.24	13.60	5.90	20.7	22.0	28	30.00	5.08	–	–	–	61	36	40	23	6.69	1.05
Nirlon(10/50/e)	9003	15.8	7.2	16.1	14.6	164.4	2.0	-8.20	-4.9	-20.65	-18.64	-13.10	-52.9	–	NA	26.00	NA	1:2	82	48	43	14	41	17	NA	1.78
NOCIL(100/5/e)	9103	36.0	131.2	0.0	464.5	498.1	17.9	74.45	14.4	35.75	35.76	99.32	21.4	40.0	40	1485.00	14.95	1:2	86	67	1900	900	1900	925	2.69	3.20
OrientalCarbon(10/50/e)	9003	3.2	9.0	5.7	37.8	50.8	0.2	3.59	7.1	1.17	2.50	3.63	6.6	20.0	26	42.00	11.56	1:3	89	25	90	34	68	35	4.73	1.11
OrientPaper(10/100/e)	9003	11.5	83.8	0.0	83.2	237.8	5.5	17.79	7.3	4.71	9.56	4.10	4.9	18.0	22	185.00	45.2	1:1	86	–	180	65	210	125	0.99	2.22
OrissaCement(10/100/e)	9103	5.4	43.7	13.7	90.9	145.1	5.0	23.26	15.5	14.19	14.47	26.28	22.6	25.0	9	280.00	10.66	1:1	87	58	175	25	350	125	0.89	3.08
OTIS(10/50/e)	9103	5.4	23.4	0.0	53.5	69.2	1.6	9.64	13.6	4.34	4.34	8.08	15.1	25.0	31	210.00	25.98	1:1	85	80	265	170	220	170	1.19	3.92
ParkeDavis(10/50/e)	9003	7.5	9.8	0.0	23.0	81.2	0.6	8.46	10.3	5.17	5.19	6.87	29.8	35.0	51	125.00	18.21	3:5	78	31	133	80	130	70	2.80	5.43
PeicoElect(10/100/e)	9103	33.3	38.9	17.2	21.7	564.2	5.1	42.16	7.4	28.73	21.58	8.62	32.1	20.0	31	115.00	13.34	1:5	82	49	85	17	128	53	1.74	5.31
PhillipsCarbon(10/50/e)	9009	5.3	6.9	2.5	23.2	82.9	2.4	2.55	3.0	0.90	0.83	1.71	6.1	14.0	89	56.25	32.87	2:5	84	70	53	33	62	30	2.50	2.43
Polyolefins(100/5/e)	9103	19.3	64.8	0.0	435.9	256.9	9.1	38.20	14.4	16.06	16.07	83.24	19.1	40.0	48	1500.00	18.02	1:2	88	69	1525	850	1650	900	2.67	3.44
PrakashTubes(10/50/e)	9003	3.5	10.7	2.8	40.4	81.6	0.8	6.57	8.0	3.23	1.17	9.20	19.0	24.0	72	40.00	4.35	3:4	81	9	80	33	46	31	5.98	0.99
PremierAuto(10/50/e)	9006	22.8	73.9	50.1	42.5	551.0	10.7	29.41	5.2	15.82	14.27	6.95	10.8	30.0	46	55.50	7.98	1:1	86	38	80	37	65	32	5.16	1.31
Procter&Gamble(10/50/e)	9006	6.7	15.2	0.0	32.8	75.3	1.5	6.40	8.3	4.48	5.60	6.71	20.4	30.0	36	280.00	41.75	4:5	88	82	390	185	300	190	1.07	8.53
PudumjeePulp(10/50/e)	9103	3.1	22.1	0.0	81.9	60.9	2.3	11.45	18.1	4.90	4.90	15.91	19.4	18.0	11	147.50	9.27	1:5	82	55	200	90	150	83	1.22	1.80
PunjabConcast(10/50/f)	8903	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	41.69	40.7	33.3	7	335.00	8.03	–	–	–	350	157	350	160	0.73	3.27
PunjabTractors(10/50/e)	9003	3.2	26.9	0.0	95.3	158.6	2.1	13.81	8.6	7.57	6.41	24.03	25.2	50.0	25	260.00	10.82	2:5	81	29	400	135	290	140	1.93	2.73
Ralis(10/50/e)	9003	9.5	35.6	0.0	47.3	356.0	4.6	5.63	1.6	1.83	1.83	1.92	4.1	10.0	52	115.00	59.89	3:10	77	12	130	67	141	71	0.87	2.43
RanbaxyLabs(10/50/e)	9103	9.1	41.4	0.0	55.4	248.4	11.9	16.68	6.4	12.02	12.38	13.18	23.8	25.0	18	275.00	20.86	1:1	88	26	130	86	285	100	0.91	4.96

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Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 10 Sept	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
Rasoi (10/50/e)	9003	1.2	6.6	0.0	64.7	59.3	1.1	1.64	2.7	0.64	0.84	5.33	8.2	20.0	29	77.50	14.53	1:2	85	35	85	48	83	45	2.58	1.20
RathiAlloys(10/50/e)	9003	2.9	19.5	0.0	77.3	112.0	0.5	6.41	5.7	3.59	8.14	12.42	16.1	40.0	14	50.00	4.03	–	–	–	180	53	70	41	7.96	0.65
Raymonds(10/50/e)	9003	22.5	83.6	0.0	47.2	376.6	8.7	41.07	10.7	18.50	18.12	8.08	17.1	20.0	25	190.00	23.51	1:1	87	78	175	70	203	118	1.05	4.03
Reckitt&Col(10/50/e)	8912	8.4	18.1	0.2	31.6	85.2	2.4	14.09	16.1	7.93	7.96	9.45	29.7	40.0	42	247.50	26.19	1:1	88	70	280	198	340	205	1.62	7.84
RelianceInd(10/50/e)	9003	152.1	929.1	0.0	71.1	1840.7	16.9	252.5	13.6	90.50	93.40	5.89	8.3	30.0	49	172.00	29.19	3:5	83	10	245	50	205	91	1.74	2.42
ReliancePetro(10/100/e)	8903	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	0.58	5.8	15.0	90	26.00	44.79	–	–	–	57	21	49	25	2.02	2.59
Revathi CP(10/50/f)	9003	1.6	3.9	0.4	33.9	17.2	0.1	1.64	9.5	0.93	0.95	7.62	20.9	26.5	34	110.00	14.44	1:1	87	50	100	67	120	75	1.81	3.24
RhonePoulenc(10/50/e)	9003	4.5	11.3	0.0	35.2	74.2	2.5	6.19	8.1	4.43	4.43	9.84	28.0	15.0	15	160.00	16.25	–	–	–	125	69	173	83	0.94	4.55
SandvikAsia(100/5/e)	9012	5.8	14.0	0.0	341.4	61.1	1.1	11.74	18.8	5.04	5.53	87.12	25.5	30.0	31	2100.00	24.10	1:1	84	80	1500	610	2250	725	1.43	6.15
Searle (10/50/e)	9103	5.2	20.8	0.0	49.8	64.2	2.5	6.49	9.7	4.12	4.12	7.89	15.8	22.0	28	195.00	24.73	1:2	89	87	170	105	195	100	1.13	3.91
SesaGoa(10/50/e)	9003	5.2	12.7	0.0	34.7	74.7	3.2	7.58	9.7	3.38	3.42	6.56	18.9	18.0	27	575.00	87.61	2:5	86	42	220	89	658	125	0.31	16.59
SeshaPaper(10/100/e)	9003	7.3	0.0	0.0	10.0	58.6	1.4	1.54	2.6	-1.53	-1.53	-2.11	-21.1	–	NA	55.00	NA	1:2	76	24	35	10	56	14	NA	5.50
ShalimarPaint(10/100/e)	9003	1.9	2.1	0.0	21.2	67.2	0.4	1.01	1.5	0.72	0.72	3.81	18.0	10.0	26	70.00	18.38	3:10	82	67	60	38	95	50	1.44	3.30
ShawWallace(10/100/e)	9003	12.0	37.0	20.5	40.8	333.6	34.9	24.87	6.7	13.88	13.93	11.57	20.0	42.5	37	160.00	13.83	1:1	87	94	110	67	170	80	2.66	3.92
ShreeSynth(10/50/e)	9003	5.6	22.0	0.0	49.1	160.1	1.8	17.25	10.7	9.12	7.68	16.23	33.0	40.0	29	67.50	4.16	2:5	84	29	155	42	85	45	5.93	1.37
SI Shipping(100/5/e)	9009	6.0	36.2	0.0	702.6	74.6	2.8	28.47	36.8	18.01	18.01	300.21	42.7	40.0	13	2150.00	7.16	1:2	82	83	1750	875	2190	750	1.86	3.06
SI Viscosa(100/5/e)	9003	11.0	38.5	0.0	449.0	132.7	2.1	33.85	25.1	23.59	23.59	213.87	47.6	45.0	21	1600.00	7.48	1:2	87	56	3000	1110	1715	1150	2.81	3.56
SiptaCoated(10/100/e)	9003	18.0	7.5	0.0	14.1	127.6	2.7	5.07	3.9	2.43	2.53	1.35	9.6	15.0	66	17.00	12.58	–	–	–	34	13	21	11	5.43	1.20
SiyaramSilk(10/100/e)	9003	3.7	9.8	0.0	36.6	71.6	2.1	5.10	6.9	2.16	1.94	5.90	16.1	21.0	40	52.50	8.90	1:2	88	42	98	24	78	36	4.01	1.43
SKF Bearings(100/5/e)	9003	24.7	55.4	0.0	324.1	142.0	8.2	44.83	29.9	20.76	19.44	84.01	25.9	15.0	19	2700.00	32.14	1:1	89	80	2775	1230	2925	1725	0.56	8.33
SpecialSteel(10/50/e)	9003	11.4	29.5	0.0	35.9	210.7	1.8	27.17	12.8	14.91	14.91	13.06	36.3	25.0	19	190.00	14.55	1:2	89	45	275	90	215	125	1.32	5.29
SpicElect(10/50/e)	9003	8.2	0.0	0.0	10.0	5.3	0.5	0.29	5.0	-0.53	-0.53	-0.65	-6.5	–	NA	14.00	NA	1:1	86	–	33	12	19	11	NA	1.40
StandardInd(10/50/e)	9003	11.1	37.5	30.6	43.9	223.1	18.0	13.84	5.7	1.79	1.86	1.62	2.3	20.0	119	132.50	81.87	2:5	82	72	128	53	140	51	1.51	3.02
StrawProducts(10/100/e)	9003	10.1	41.2	0.0	50.6	172.8	3.2	18.55	10.5	7.94	7.94	7.76	15.3	30.0	40	192.50	24.80	1:2	72	17	155	73	203	113	1.59	3.80
SundramFast(10/50/e)	9003	5.1	15.7	0.0	40.8	92.5	0.8	8.86	9.5	4.90	5.14	9.61	23.5	27.5	27	130.00	13.53	3:5	88	56	120	61	153	97	2.11	3.19
SupremeInd(10/50/e)	9006	2.3	29.7	0.0	140.2	115.4	0.8	8.98	7.7	5.24	5.27	22.98	16.4	60.0	26	350.00	15.23	1:1	87	70	500	225	380	190	1.72	2.50
SurajDiamond(10/100/e)	9003	10.5	30.9	0.0	39.5	135.3	0.2	11.21	8.3	10.85	10.85	10.35	26.2	25.0	13	50.00	4.83	–	–	–	65	43	58	34	2.75	1.27
SwadeshiPoly(10/50/e)	9003	3.9	19.1	16.9	58.9	66.6	2.6	4.58	6.6	1.83	1.83	4.69	4.6	17.5	37	40.00	8.52	–	–	–	95	38	45	32	4.36	0.68
SylvaniaLaxman(10/50/e)	9003	3.0	2.1	7.3	17.2	39.0	0.6	1.26	3.2	0.43	0.43	1.44	3.5	12.5	86	41.25	28.59	1:2	86	33	45	20	45	23	3.01	2.40
Synth&Chem(10/50/e)	9103	11.2	21.1	21.7	28.8	174.9	1.5	9.37	5.3	6.30	6.30	5.63	11.7	25.0	43	60.00	10.66	–	–	–	84	39	74	38	4.00	2.08
TataChem(10/50/e)	9003	49.2	259.3	0.0	62.7	266.2	42.9	77.30	25.0	40.74	36.12	8.29	13.2	30.0	41	100.00	12.07	2:5	85	27	165	63	113	60	3.00	1.59
TataPower(100/5/e)	9103	20.5	209.6	0.0	1121.6	472.3	4.2	48.93	10.3	34.64	34.63	168.81	15.1	20.0	12	2050.00	12.14	1:5	75	–	1950	410	2400	925	0.97	1.83
TataPress(10/50/e)	9003	1.6	5.6	0.0	45.9	19.8	0.8	0.62	3.0	-0.56	-0.56	-3.57	-7.8	10.0	-29	50.00	NA	7:11	83	30	75	43	55	35	2.04	1.09
TataRobins(10/50/e)	9003	3.1	5.1	0.0	26.3	36.3	1.2	2.50	6.7	0.72	0.52	2.31	8.8	16.0	96	55.00	23.83	1:4	77	5	85	36	65	35	2.91	2.09
TataTea(10/50/e)	9003	17.1	110.0	0.0	74.4	256.2	14.3	76.77	28.4	41.49	41.12	24.28	32.6	60.0	25	440.00	18.12	2:5	88	40	490	173	458	275	1.36	5.92
TataTelecom(10/100/e)	9003	4.5	5.8	0.0	23.0	24.8	0.3	2.77	11.0	1.62	1.46	3.60	15.7	–	NA	115.00	31.94	–	–	–	115	45	124	59	NA	5.01
TataUnisys(10/50/e)	9003	4.4	8.9	0.0	30.4	39.1	1.3	9.01	22.3	5.15	5.15	11.76	38.7	30.0	25	265.00	22.54	2:5	87	29	235	24	330	130	1.13	8.73
TCI(10/50/e)	9103	5.1	15.7	13.3	40.8	164.6	1.9	6.46	3.9	1.43	1.19	2.82	4.2	18.0	77	50.00	17.71	1:2	86	81	68	24	68	23	3.62	1.23
Telco(10/50/e)	9103	103.7	479.2	0.0	56.2	2527.6	68.4	288.8	11.1	142.1	131.0	13.70	24.4	40.0	32	328.75	24.00	2:5	82	0	273	110	335	144	1.22	5.85
Tinplate(10/50/e)	9003	10.1	12.2	0.0	22.0	168.0	1.9	5.55	3.3	2.57	2.61	2.54	11.5	15.0	58	53.75	21.17	4:5	76	19	53	25	58	28	2.79	2.44
Tisco(10/50/e)	9103	229.9	1194	0.0	61.9	2142.5	188.3	375.2	16.1	160.1	140.1	6.97	11.2	31.0	51	231.00	33.16	2:5	87	30	275	103	245	134	1.34	3.73
TOMCO(10/5/e)	9103	9.7	26.2	0.0	36.9	383.8	3.5	9.72	2.5	5.65	5.64	5.67	15.4	20.0	35	80.00	14.11	1:5	90	36	390	65	98	60	2.50	2.17
TribeniTiss(10/50/e)	9003	8.0	10.4	0.0	23.1	64.7	0.1	7.05	10.9	4.78	5.26	6.01	26.1	30.0	45	205.00	34.10	1:4	84	31	155	74	205	91	1.47	8.89
TVS Suzuki(10/100/e)	9003	23.1	0.0	0.0	10.0	142.2	1.6	-0.75	-0.5	-5.53	-5.20	-2.39	-23.9	–	NA	28.00	NA	–	–	–	29	9	29	11	NA	2.80
Tw.CenturyFin(10/100/e)	9003	8.9	13.4	3.0	25.1	31.3	1.9	19.44	58.5	4.04	4.03	4.55	16.0	22.0	48	28.00	6.15	2:5	85	34	55	22	39	26	7.84	1.12
UnichemLab(10/50/e)	9103	1.4	5.9	3.5	53.8	66.8	2.7	2.85	4.1	1.85	1.84	13.68	17.2	25.0	18	160.00	11.70	1:2	86	67	60	30	175	45	1.56	2.97
UnionCarbide(10/50/e)	9103	32.6	38.2	0.0	21.7	229.7	2.7	16.18	7.0	13.19	13.98	4.05	18.6	15.0	35	54.00	13.34	1:2	80	74	47	22	61	36	2.78	2.49
Unitech(10/100/e)	9003	7.2	16.5	0.0	32.9	51.1	0.3	6.34	12.3	4.48	4.97	6.21	18.9	22.0	32	38.00	6.12	–	–	57	43	25	40	25	5.80	1.16
UnivCables(10/50/e)	9003	5.3	45.7	15.2	95.6	130.7	3.0	10.27	7.7	5.59	5.59	10.47	8.4	18.6	18	100.00	9.55	1:2	79	22	140	80	110	70	1.85	1.05
VideoconInt(10/100/e)	9003	4.2	33.4	0.0	89.2	417.6	0.2	40.45	9.7	27.16	26.91	64.36	72.1	60.0	6	335.00	5.21	–	–	–	600	180	340	134	1.23	3.75
VikrantTyres(10/50/e)	9003	10.4	4.6	0.0	14.4	218.1	1.2	11.01	5.0	2.00	3.00	1.82	12.6	15.0	54	50.00	27.51	–	–	–	58	20	62	21	3.00	3.47
VindhyaTele(10/100/e)	9103	3.9	11.8	9.5	40.2	57.7	0.4	6.50	11.2	1.11	1.29	2.84	4.4	24.0	73	92.50	32.63	–	–	–	140	64	100	58	2.59	2.30
VIP Ind(10/100/a)	9003	6.0	3.5	0.0	15.8	53.1	1.0	1.11	2.1	-0.47	-0.48	-1.18	-7.4	–	NA	72.50	NA	1:1	84	59	83	17	78	40	NA	4.59
Voltas(10/50/e)	9103	19.9	55.1	0.0	37.7	545.0	4.6	30.16	5.5	18.30	15.74	9.22	24.4	27.0	34	135.00	14.64	1:2	89	49	145	65	145	95	2.00	3.58
VST Ind(10/50/e)	9003	9.7	13.2	16.4	23.7	374.6	2.3	13.72	3.6	5.93	5.93	6.15	15.1	30.0	49	145.00	23.60	3:5	89	85	145	33	155	95	2.07	6.12
WestCoastPaper(100/5/e)	9003	4.1	8.3	0.0	302.2	105.4	1.4	6.16	5.8	4.39	4.39	107.07	35.4	15.0	14	490.00	4.58	1:5	74	37	925	290	890	415	3.09	1.62
WI Enterprises(10/50/e)	9003	4.8	9.0	1.5	28.6	46.2	0.0	3.04	6.6	1.01	0.96	2.10	6.6	16.0	80	16.00	7.62	3:5	83	19	38	18	22	15	10.01	0.56
Wimco(10/50/e)	9003	13.6	5.5	0.0	14.1	121.3	4.4	-6.45	-5.1	-8.55	-4.00	-6.30	-44.8	–	NA	37.00	NA	1:5	70	31	75	17	41	17	NA	2.63
Wipro(10/50/e)	9003	3.7	20.3	0.0	65.1	179.1	7.9	9.23	4.9	4.56	2.82	12.36	19.0	25.0	33	315.00	25.49	1:1	89	95	355	190	320	210	0.79	4.84
ZuariAgro(10/50/e)	9003	12.4	58.4	0.0	56.9	258.7	5.5	19.82	7.5	8.22	11.93	6.13	10.8	30.0	33	90.00	14.68	–	–	–	100	50	95	60	3.33	1.58

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months; m-6 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

GROWTH PROSPECTS

The profits were dripping in at a slow and steady pace for the Jalgaon-based Jain Irrigation Systems Ltd (JISL). The same was the case with the share. That was until JISL's 1990-91 results were announced; they revealed a swimmingly good bottomline. Stockwatchers, their hearts beating faster, immediately reached for their pocketbooks and plunked down cool cash for the scrip. The result: what was a steady-moving share has been transformed into one of the more exciting stocks traded on Dalal Street in recent months.

Judge for yourselves: at the time of its latest results, JISL was priced at around Rs 85. Within a month, the stock jumped over the moon as it doubled to around Rs 170. Not that the marketmen piled into the scrip as part of a speculative mad rush. The fact was that JISL's results were solid. The net bottomline for 1990-91 was a pleasing Rs 3.08 crore as compared with the previous year's Rs 1.10 crore. On an equity capital of Rs 3.02 crore, the company registered an EPS at par with its face value yielding a moderately-priced P/E. What actually drove smart Dalal Streeters to chase the scrip in droves was the accompanying note issued by the company. It stated that JISL hoped to register an increase in sales from Rs 16 crore in 1990-91 to around Rs 35 crore for 1991-92.

Optimistic management. Technically, one would presume that with JISL rocketing almost overnight, the story was over and done with. But wait; mathematically, there could be a lot more left in the JISL counter. The company expects to raise exports from 6% of turnover to 30% in the current year. Not just that, the cash flow (depreciation plus net profit) is expected to be between Rs 8.5 crore and Rs 10 crore, as per the optimism of the management.

JISL: GREAT SHOW

(Rs crore)

	1989-90	1990-91
Sales	9.50	16.08
Operating profit	2.70	4.99
Interest	0.96	1.56
Gross profit	1.74	3.43
Depreciation	0.54	0.34
Tax	0.10	—
Net profit	1.10	3.08
Equity	3.02	3.02
Gross margin (%)	11.58	21.33
EPS (Rs)	3.64	10.20

The best part is that JISL managing director R.B Jain believes that this is only the beginning. Says he: "In our country there is great demand not just for water economy but also increased yields. Drip irrigation is just the answer. Our kind of irrigation has tapped less than 1% of its ultimate potential in the country."

JISL's skyrocketing profits have made it one of the more exciting stocks traded on Dalal Street in recent months



But what on earth is so great about drip irrigation? Says Jain: "The concept of a farm in India is a rural patch of land, half-submerged in water. The belief is that the more water you channel into the farm, the healthier the crop. Our company disagrees with this theory. We feel the root needs more water than the other parts of the plant. Drip irrigation is a system that supplies water in the right quantity to the root."

And this is where JISL comes in. The company methodically lays out a series of pipes over a farm with extensions inserted into the ground. Says Jain: "These insertions emit water at intervals, the periodicity of which varies with the nature of the crop. It is a scientific approach towards cultivation. As a result, we give just about the right quantum of water required for the plant's healthy growth. This is why if you ever visit any of the farms where drip irrigation is in use, you will be surprised to see no surface water at all."

Manifold advantages. The advantages of drip irrigation are manifold. JISL financial controller Suresh Udani explains: "First, it reduces water consumption to the required minimum, which is particularly useful in areas where there is a shortage of water or when the monsoon has not been up to expectations. And it's not just that. Studies at our 75 acre R&D farm have shown that crops grow faster under drip irrigation, the quality of crop is superior and the yield per hectare is higher. This results in a direct benefit to the farmer; his crop is ready even before that of the others, as a result of which he can avail of better prices before the supply comes in."

Given the country's agricultural base as a potential market, JISL has only to worry about the production side of the business. Demand for the company's products has also begun increasing worldwide, with exports likely to exceed Rs 10 crore in 1991-92. "We have commissioned a 100% export unit within JISL which has been financed fully through internal accruals and institutional loans," explains Udani.

A recent shot in the arm for the company has been Tata Tea's order to prepare a drip irrigation network over a plantation area of 500 acres. "We were surprised with their order," confesses Udani, "because we had not mailed any literature to them. Later they told us that they stumbled across some technical information regarding drip irrigation in some industry journal and got interested."

It is lucky breaks like these, taking drip irrigation from the realm of farms to plantations and even exports, that strongly recommends for JISL the label of a growth company for the future.

□ Mudar Patherya



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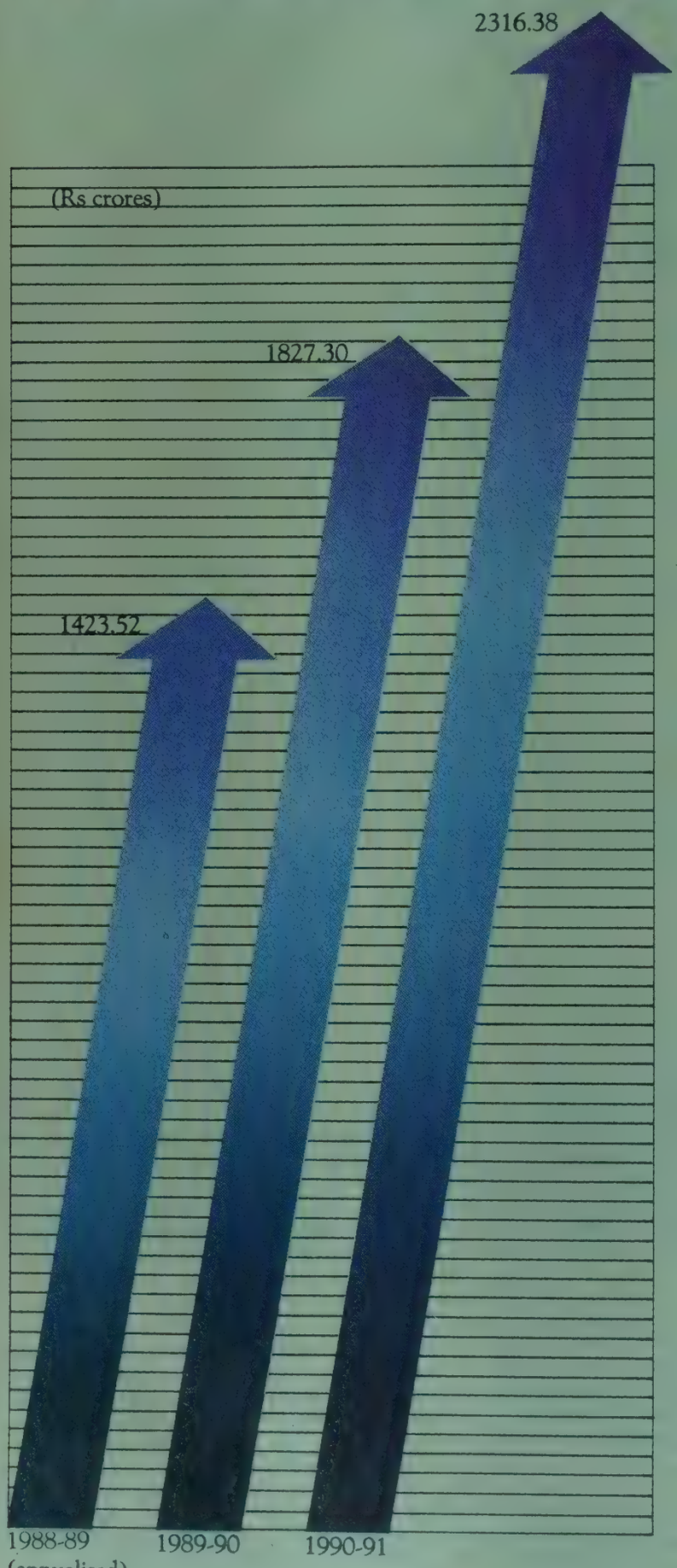
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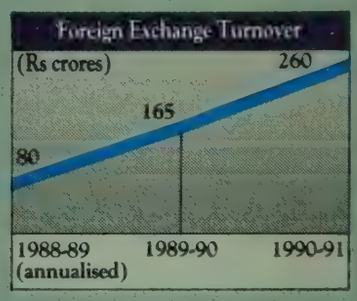
ITC turnover crosses Rs 2000 crores.



1990-91 Highlights

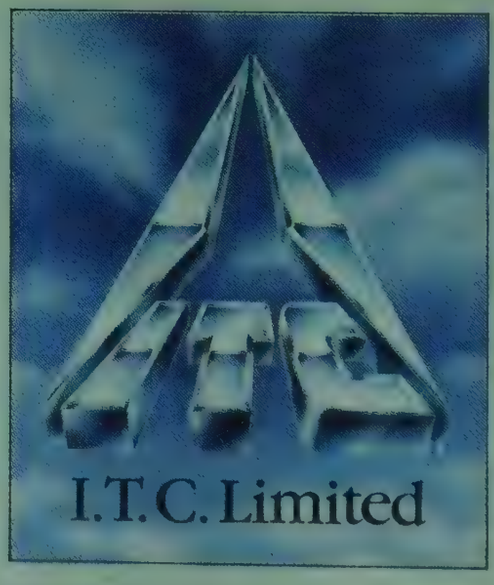
- 3:5 Bonus Shares recommended (1:1 Bonus Share issue in 1989).
- 54% Interim Dividend recommended, highest ever by ITC.

The year ended 31st March, 1991, has seen ITC record growth in every area. Turnover at Rs 2316.38 crores was 27% higher than the previous year's (Rs 1827.30 crores). Profits after tax grew by Rs 24.90 crores to Rs 77.52 crores. And foreign exchange turnover of Rs 260 crores was 58% more than 1989-90's Rs 165 crores.



Indeed, earnings from international businesses accounted for as much as 25% of net income (Rs 1014.46 crores). And, with inflow being almost ten times the outflow, ITC emerged as the largest earner of foreign exchange in the private sector.

Today, an increasing number of value-added products and services from ITC carry the 'Made in India' mark with pride to foreign markets. And strategically-located offices worldwide are spearheading ITC's mission as the Indian International.



New horizons, new hopes.

India Tobacco Division / Indian Leaf Tobacco Development Division / Packaging & Printing Division / Welcomgroup — Hotels Division / International Business Division / Agri-Businesses Division / Bhadrachalam Paperboards Ltd — a company promoted by ITC

A SECURE SCHEME

Life Insurance Corp's (LIC's) mutual fund is offering investors Dhanashree '91, a close-ended scheme with no frills or options attached to it. The face value of the units issued is Rs 10 each and the minimum application limit is 100 units totalling Rs 1,000, and thereafter in multiples of Rs 500. There is no upper limit on investment. Applications will be accepted up to 30 September 1991.

A minimum dividend of 13% per annum is guaranteed under the scheme and there is also the possibility of capital appreciation by the end of the scheme period. Dhanashree '91 will be terminated after the sixth year but not later than the seventh year from the date of its commencement.

Dhanashree'91 is a scheme without any frills. But the ambiguity about the payback period could go against it

Applications can be made by resident adult individuals, singly or jointly; minors, through parents/guardians; Hindu undivided families (HUFs); associations of persons or a body of individuals; companies; bodies corporate; trusts; societies, cooperative societies; schools; colleges; universities; clubs and associations.

Non-resident Indians (NRIs) and partnership firms are not eligible to apply. In the case of an HUF, the *karta* will sign on its behalf and all refunds and other payments will be made payable to the latter.

In case of applications under a power of attorney or by limited companies, bodies corporate, trusts, societies and others, the relevant power of attorney or relevant authority to make the application, as the case may be (or a duly certified copy thereof),must be lodged along with the application. Under this scheme, no joint ownership with minors is permitted.

The tax benefits that will be available to the first-named individual applicants are:

- Income will be free of tax up to the maximum permissible limit of Rs 13,000 along with income from other specified investments under s.80L of the Income-Tax Act (ITA) 1961.
- There will be no deduction of tax at source. Wealth tax exemption up to Rs 5 lakh under s.5(1) of the Wealth Tax Act 1957.
- If the investor holds the units for a minimum period of three years, he will get capital gains relief under s.48(2) of the ITA 1961 on capital appreciation of the units.
- Religious and charitable trusts will benefit under s.11(5) of the ITA 1961 provided their investments are made after obtaining approval from the regional charity commissioner.

With a view to provide liquidity to investors, the scheme provides for units to be encashed at all specified branches of the LIC after two years at the prices announced by LIC Mutual Fund. These units can be easily transferred from one person to another by filling up a transfer form. Certificate-

M. D. MUKHI



holders can avail of a loan facility which is to be provided by the Central Bank of India.

Thus, even though Dhanashree '91 is a simple investment scheme which is easy to understand, it does not have many attractions for investors. LIC Mutual Fund has already successfully launched 10 schemes, including two open-ended ones, and mobilised over Rs 800 crore from nearly 4 lakh investors. This has been made possible by its countrywide network of more than 27,000 agents.

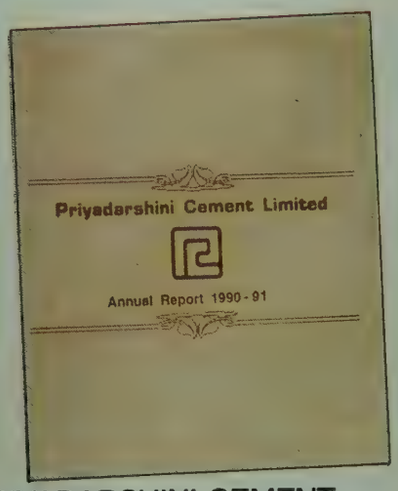
However, with the entry of new mutual funds, competition amongst them is getting tougher day by day. And, as they have to operate within the parameters laid down by the Reserve Bank of India and enforced by the Securities & Exchange Board of India (Sebi), the crucial, long-term factor that will make them a success story will be their servicing methods. If one were to consider the number of complaints received from investors about the non-receipt of certificates, it is obvious that LIC Mutual Fund will have to considerably improve its servicing efficiency if it wishes to survive and thrive.

Thus, to sum up, the Dhanashree scheme provides high security, adequate liquidity and fairly reasonable returns. However, investors are likely to prefer a shorter maturity period of up to five years, with no uncertainty about when they will be able to get back their money (after six or seven years). This will make it easier for them to plan their investments in advance.

• *The author is the president of the merchant banking division of Batlivala & Karani.*

IN A NUTSHELL

Scheme: Dhanashree '91. A close-ended scheme with no frills or options.
Maturity: Six or seven years.
Return: A minimum of 13% per annum.
Face value: Rs 10 per unit.
Minimum & maximum amounts investible: Minimum Rs 1,000 and in multiples of Rs 500 thereafter. No upper limit.
Tax benefits: (1) Benefits under s.80L of the Income-Tax Act 1961; (2) exemption under s.5(1) of the Wealth Tax Act; (3) no tax deduction at source; (4) capital gains tax exemption under s.48(2).
Eligibility: (1) Adult resident individuals, singly or jointly; (2) minors through parents/guardians; (3) HUFs; (4) associations of persons; (5) companies, bodies corporate, societies, cooperative societies, schools, colleges, universities, clubs.
Other features: (1) Encashment facility after two years; (2) transfer of units allowed; (3) loan facility.



PRIYADARSHINI CEMENT

ON SHAKY GROUND

It is one of the few cement companies that hasn't been quite able to ride the boom in this industry. And for the year ended 31 March 1991, Priyadarshini Cement Ltd (PCL) sank deeper into the red.

When compared with the previous nine-month period ended 31 March 1990, PCL's gross turnover, no doubt, rose 50%. (All the relevant figures have been annualised for easy comparison.) Gross loss increased 93% and net loss 57%. Earning per share (EPS) is a negative Rs 4.92 (negative Rs 3.12). Book value per share (BVPS) also maintained the downward trend at a negative Rs 4.50 as against a positive 38 paise for the year ended 31 March 1990. At the current market price of Rs 34 (Bombay stock exchange — BSE — 3 September 1991), PCL's price/earning (P/E) ratio is a negative 6.91.

Like most of the younger cement companies, PCL prefers the debt route for financing its operations. Fresh long-term loans made up 55% of the funds the company used to push itself on for another year. (The loans PCL has to pay back exceed its gross sales.) Naturally, the interest expenses ate almost 22% (15%) of gross sales. To make matters worse, the financial institutions (FIs) were reluctant to waive the interest payment due to them. (Till March 1990, they had been willing to do so.) So the profit and loss account had to face the full fury of interest payments.

Then, PCL's contributions to the government coffers — in the form of excise duty and sales tax — also increased. Both, together, accounted for a quarter of the gross sales cake.

With past losses and miscellaneous expenses — both exceeding the net worth — to be written off and the auditors declaring PCL a sick unit, the company's directors have decided to refer it to the Board for Industrial & Financial Reconstruction (BIFR).

More agile. However, everything's not all that bleak for PCL. Thanks to many a price hike, the average realisation per tonne climbed to Rs 1,414 (Rs 1,122). Production also increased 21%. Hence capacity utilisation was up — 98.42% (81.68%). On the factory floor, PCL was more agile in completing the conversion cycle and in collecting dues from debtors. PCL also did its bit of belt-tightening which helped in pruning costs. The result: profit before interest and depreciation doubled to Rs 15.50 crore (Rs 5.35 crore; Rs 7.13 crore annualised).

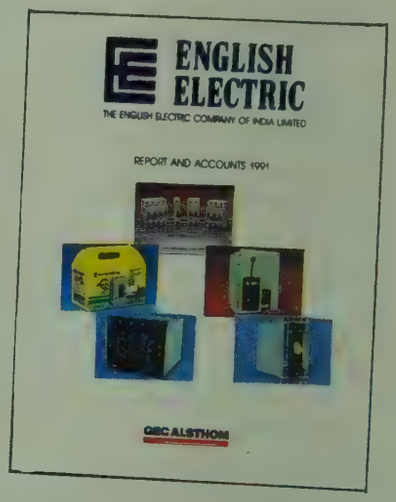
As for the future, the demand-supply position in Andhra Pradesh (AP) — where PCL's plant is situated — isn't going to change too significantly. While domestic demand for cement is still firm, in AP there is a glut. But there may not be much of a difference in the average realisation price per tonne. (PCL's average realisation per tonne may be slightly lower than the all-India average realisation.) However, things at PCL may be in limbo for a while as the BIFR negotiations will take some time. So it would be prudent to wait for the BIFR to work out a package before making fresh purchases.

PRIYADARSHINI CEMENT

(Rs crore)

	12 months ended 31 Mar 91	9 months ended 31 Mar 90
Gross revenue	82.21	41.25
Gross profit	(2.41)	(0.94)
Profit after tax	(8.99)	(4.28)
Equity capital	18.28	18.28
Reserves	11.30	11.30
Gross profit margin (%)	(2.93)	(2.28)
Return on net worth (%)	—	—
Dividend (%)	—	—
Earning per share (Rs)	(4.91)	(3.12)*
Book value per share (Rs)	(4.50)	0.38+

**Annualised*
+ Past losses/expenses of Rs 37.81 crore (Rs 28.89 crore) have been reckoned while calculating BVPS.
Source: Annual reports



ENGLISH ELECTRIC

A PAINED BOTTOMLINE

For English Electric Co of India, the year to 31 March 1991 wasn't too electrifying; at least not on the net profit front. The company's bottomline lost most of its lustre thanks to the high provisions it made for both depreciation and taxation.

Gross turnover and gross profit (GP) have, however, improved — by 18.74% and 33.79% respectively. Net profit (NP) showed a nominal 6% increase. EPS is Rs 3.92 (Rs 7.40). (The company issued bonus shares during 1990-91 in the ratio of 1:1; so the equity capital stands doubled at Rs 18 crore.) BVPS is Rs 20.12 (Rs 35.09). But return on net worth (RONW) isn't all that hot; it slipped slightly to 19.49% (21.08%). While the company has doled out a dividend of Rs 1.35 (Rs 2.50) per share, payout moved up marginally to 34.44% (33.78%). With the price hovering around Rs 94 (Calcutta stock exchange: 3 September 1991), English Electric's P/E is 23.98.

Adding pep. The 35-year-old company is trying to add some pep to its ageing fixed assets. It splurged some Rs 7.05 crore for asset rejuvenation in the year ended 31 March 1991. Thanks to this move, 53.16% (62.02%) of its assets stand written off. Besides, English Electric also did a bit of tinkering in

its production schedules, thereby taking less time to convert its raw material.

The same thing can't be said about the company's debt management. Hence, as chairman A.K. Khosla puts it, dues from customers continued to be delayed. Like several companies, English Electric also ended up coughing up a majority of its profits to the government. Taxes gobbled away 45.32% (33.80%) of profit before tax. Other expenses spurted by 19.80% to Rs 45.87 crore (Rs 38.30 crore).

As for the future, English Electric is to enter the electrical contactors market by the end of 1991. (The company's plant at Pondicherry will start commercial production at that time.) It is also getting into the manufacture of miniature circuit-breakers at Hosur. The company also plans to continue research & development activities, especially in areas of low-voltage circuit-breakers and indigenisation of components.

Besides, a lot more can be expected from the new projects of GEC Alsthom of the Netherlands (the company's new parent) in India and neighbouring countries. (The company's UK parent English Electric Co, which holds 31% of Indian English Electric's shares, is, in turn, a subsidiary of GEC plc of the UK. With the merger of GEC plc and Alsthom of France, the Indian English Electric's shares are now held by the new parent GEC Alsthom. For more information on the merger, see *BW* 13-26 February 1991.) Perhaps the new parent might be able to provide some muscle in the export markets where English Electric's presence is minuscule.

With a firm hold in a wide range of fuse gear and switchgear products and with the power sector getting the priority tag, English Electric appears a good long-term buy.

ENGLISH ELECTRIC

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	130.46	109.88
Gross profit	15.20	11.37
Profit after tax	7.06	6.66
Equity capital	18.00	9.00
Reserves	18.22	22.58
Gross profit margin (%)	11.66	10.34
Return on net worth (%)	19.49	21.06
Dividend (%)	13.50	25.00
Earning per share (Rs)	3.92	7.40
Book value per share (Rs)	20.12	35.09

Source: Annual reports

CASTROL INDIA

STEPPING ON THE GAS

It certainly was a smooth run for Castrol India in the year ended 31 March 1991, when compared with the nine months ended 31 March 1990. Gross turnover increased 18.74% (figures have been annualised). Margins, too, stepped up. GP grew 225%. NP went a step ahead increasing 250%. Consequently, EPS has increased to Rs 21.40 (Rs 9.78). (Castrol had allotted bonus shares in a 3:5 ratio on 8 January 1991, which swelled the equity capital to Rs 9.85 crore. Bonus capital constitutes some 63% of the present equity capital.) BVPS is Rs 50.88 (Rs 54.36). RONW rose to 40.68% (17.05%). Though shareholders took home a higher dividend of Rs 4.50 (Rs 3.60), payout dipped to 21.03% (36.81%). Castrol India's P/E is 19.80, at the current market price of Rs 423.75 (BSE: 3 September 1991).

A better mix. Chairman P.K. Choksey attributes the good show to the better product mix and gains in operational efficiency. And increased realisation also added its bit. Besides, Castrol has been quite active on the factory floor and while demanding money from debtors. And, except for payments to the govenment, in the form of excise duties and taxes, Castrol has managed to clamp down on all other costs.

Taxes quadrupled and excise duties went up 26.62%. (Both of these, besides the hike in corporate tax and the 5% increase in additional excise duty, will continue to play havoc on the profit front for the current year.) Castrol is a foreign exchange (forex) user to the tune of Rs 6.13 crore. (The company continues to import sophisticated raw material, and dishes out debenture interest and dividends to its parent Castrol of the UK).

Export gambit. The domestic demand for lubricants is burgeoning; and as Castrol feels that export prospects are not promising, it may have to pay a premium for the exim scrips in the years to come. Nevertheless, the company is exploring possibilities of exporting greases, modified vegetable oils, dyes, pigments and the like. It has already forwarded samples for examination to potential buyers in western Europe and the Far East.

CASTROL INDIA

(Rs crore)

	12 months ended 31 Mar 91	9 months ended 31 Mar 90
Gross revenue	188.25	118.90
Gross profit	34.00	7.84
Profit after tax	21.08	4.51
Equity capital	9.85	6.16
Reserves	40.26	27.31
Gross profit margin (%)	18.06	6.59
Return on net worth (%)	40.68	17.05*+
Dividend (%)	45.00	36.00*
Earning per share (Rs)	21.40	9.78*
Book value per share (Rs)	50.88	54.36

** Annualised*
+Revaluation reserves totalling Rs 1.71 crore (Rs 1.83 crore) have been added to reserves while calculating RONW.
Source: Annual reports

As for the four months to 31 July 1991, sales grew 25% to Rs 75.53 crore when compared with the corresponding four-month period in the previous year. Though Castrol is putting up an excellent showing currently, it cannot hope to maintain the growth tempo. For other players in the market are also getting savvy and competition is bound to make its impact on the company's performance.

□ G. Giridhar

MYSORE KIRLOSKAR

(Rs crore)

	6 months ended 30 June 91	6 months ended 30 June 90	12 months ended 30 June 90
Net sales	38.54	33.29	60.18
Other income	0.33	0.80	0.99
Interest	2.99	2.42	4.14
Gross profit	1.76	2.60	5.24
Depreciation	1.20	1.15	2.12
Taxation	—	—	—
Net profit	0.56	1.45	3.12
EPS (Rs)			7.31
RONW (%)			22.94

Mysore Kirloskar's margins have decreased at both levels. At the current price of Rs 45, the company's P/E is 17.18. (Annualised EPS based on the latest second-half's results is Rs 2.62.)

INDO RAMA SYNTHETICS

(Rs crore)

	12 months ended 30 June 91	12 months ended 30 June 90
Net sales	46.45	24.18
Other income	1.87	0.88
Interest	4.21	1.92
Gross profit	6.19	3.80
Depreciation	2.55	1.78
Taxation	—	—
Net profit	3.63	2.02
EPS (Rs)		2.03
RONW (%)		18.23

Indo Rama Synthetics' P/E is 15.38 at the current price of Rs 56 and on an EPS of Rs 3.64. Margins are under pressure.

HERDILLIA OXIDES

(Rs crore)

	6 months ended 30 June 91
Net sales	1.33
Other income	—
Interest	1.48
Gross profit/(loss)	(0.90)
Depreciation	1.20
Taxation	—
Net profit/(loss)	(2.10)
EPS (Rs)	
RONW (%)	

Herdillia Oxides has reported negative margins after its first six months of operations. Annualised EPS is a negative Rs 2.71. At the current market price of Rs 48.75, the company's P/E is a negative 17.99.

JBF INDUSTRIES

(Rs crore)

	12 months ended 30 June 91	12 months ended 30 June 90
Net sales	102.15	80.75
Other income	1.58	0.72
Interest	2.74	2.23
Gross profit	8.11	6.52
Depreciation	1.93	1.33
Taxation	0.25	0.38
Net profit	5.93	4.81
EPS (Rs)		11.34
RONW (%)		23.01

JBF Industries' margins have slipped slightly. At the current market price of Rs 105.50, the company's P/E is 7.54. EPS is Rs 13.99.

BINDAL AGRO

(Rs crore)

	6 months ended 30 June 91	6 months ended 30 June 90	12 months ended 31 Dec 90
Sales & other income	91.34	74.43	151.93
Interest	0.76	0.84	1.68
Gross profit	19.38	12.05	24.59
Depreciation	2.43	1.96	4.47
Taxation	—	—	—
Net profit	16.95	10.09	20.12
EPS (Rs)			13.56
RONW (%)			

Bindal Agro's margins have improved. At the current price of Rs 51.25, the company's P/E is 6.47. On an expanded equity capital of Rs 42.81 crore, the company's annualised EPS, based on the latest second half's results, is Rs 7.92.

CEAT

(Rs crore)

	6 months ended 30 June 91	6 months ended 30 June 90	12 months ended 30 June 90
Sales & other income	317.12	286.21	515.37
Interest	23.93	15.77	25.41
Gross profit	21.58	14.06	31.01
Depreciation	5.89	4.57	8.57
Taxation	3.00	—	—
Net profit	12.69	9.50	22.44
EPS (Rs)			15.16
RONW (%)			18.10

Ceat's margins have moved up. At the current market price of Rs 110 and on an EPS of Rs 10.89, the company's P/E is 10.10.

ESSEL PACKAGING

(Rs crore)

	12 months ended 30 June 91	15 months ended 30 June 90
Sales & other income	21.73	22.10
Interest	2.18	1.89
Gross profit	4.07	3.98
Depreciation	2.25	1.88
Taxation	—	—
Net profit	1.82	2.10
EPS (Rs)		4.69*
RONW (%)	—	—

Essel Packaging's gross margin has shown slight growth but net margin has dipped. At the current market price of Rs 40 and on an EPS of Rs 4.06, the company's P/E is 9.85.

RAJINDER PIPES

(Rs crore)

	15 months ended 30 June 91	12 months ended 31 Mar 90
Sales & other income	20.33	9.96
Interest	0.97	0.41
Gross profit	1.24	0.50
Depreciation	0.35	0.10
Taxation	—	0.07
Net profit	0.89	0.32
EPS (Rs)		1.07
RONW (%)		8.51

Rajinder Pipes' margins have shown an increase. At the current price of Rs 21 and on an annualised EPS of Rs 2.38, the company's P/E is 8.82.

RAJINDER TUBES

(Rs crore)

	15 months ended 30 June 91	12 months ended 31 Mar 90
Sales & other income	56.93	36.50
Interest	3.29	2.36
Gross profit	3.87	2.14
Depreciation	0.96	0.30
Taxation	0.20	0.30
Net profit	2.71	1.54
EPS (Rs)		7.59
RONW (%)		17.23

Rajinder Tubes' annualised EPS of Rs 3.82 (on an expanded equity of Rs 5.68 crore) and a market price of Rs 39, yield a P/E of 10.21. Margins have risen.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 4 September 1991.*

ANDHRA CEMENTS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	81.18	41.82
Interest	23.99	19.77
Gross profit/(loss)	(19.13)	(32.47)
Depreciation	10.26	9.72
Taxation	—	—
Net profit/(loss)	(29.39)	(42.19)
EPS (Rs)		(22.47)
RONW (%)		

Andhra Cements' margins, though negative, have improved. EPS is a negative Rs 15.65. At the current price of Rs 28, the company's P/E is a negative 1.79.

DIGITAL EQUIPMENT

(Rs crore)

	12 months ended 29 June 91	12 months ended 30 June 90
Sales	62.19	41.29
Other income	1.47	1.43
Interest	5.72	3.28
Gross profit/(loss)	4.33	(0.14)
Depreciation	2.00	1.48
Taxation	—	—
Net profit/(loss)	2.33	(1.62)
EPS (Rs)		(0.67)
RONW (%)		

Digital Equipment's margins have registered a fantastic improvement. EPS is a meagre 97 paise. At the current price of Rs 77.50, the company's P/E is 79.90. Hold.

LIPTON INDIA

(Rs crore)

	6 months ended 30 June 91	6 months ended 30 June 90	12 months ended 31 Dec 90
Net sales	302.79	261.97	562.21
Other income	5.29	3.65	11.21
Interest	6.02	7.94	12.07
Gross profit	7.29	4.85	13.75
Depreciation	0.99	0.75	1.75
Taxation	3.21	1.72	6.22
Net profit	3.09	2.38	5.83
EPS (Rs)			3.70
RONW (%)			14.49

Lipton's margins have shown a slight improvement. Annualised EPS is Rs 3.92. At the current price of Rs 150, the company's P/E is 38.27.

PRESTIGE FOODS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	80.89	70.37
Interest	1.50	1.98
Gross profit	4.77	2.02
Depreciation	0.76	0.46
Taxation	—	0.08
Net profit	4.01	1.48
EPS (Rs)		3.92
RONW (%)		28.41

Margins have more than doubled. At the current price of Rs 70 and on an EPS of Rs 10.61, Prestige Foods' P/E is 6.60.

PROCTER & GAMBLE

(Rs crore)

	12 months ended 30 June 91	12 months ended 30 June 90
Sales & other income	99.40	76.78
Interest	2.56	1.20
Gross profit	5.05	7.46
Depreciation	1.68	1.33
Taxation	0.21	0.52
Net profit	3.16	5.61
EPS (Rs)		8.40
RONW (%)		25.59

Procter and Gamble's margins have dipped drastically. At the current price of Rs 270 and on an EPS of Rs 4.73, the company's P/E is 57.08.

S.S. DUNCAN

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	21.37	15.62
Interest	—	—
Gross profit	3.13	1.80
Depreciation	0.12	0.12
Taxation	0.92	0.55
Net profit	2.09	1.13
EPS (Rs)		12.28
RONW (%)		—

S.S. Duncan's margins have shown good growth. On an EPS of Rs 22.72 and a market price of Rs 170, the company's P/E is 7.48.

UNITECH

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	59.63	51.38
Other income	—	—
Interest	8.14	7.41
Gross profit	1.75	1.63
Depreciation	1.75	1.30
Taxation	4.64	4.48
Net profit		6.22
EPS (Rs)		18.89

Unitech's margins have dropped slightly. The company's P/E is 6.02 at the current price of Rs 38.75. EPS is Rs 6.44.

SHREE ACIDS

(Rs crore)

	12 months ended 30 June 91	12 months ended 30 June 90
Net sales	31.99	35.92
Other income	0.36	0.43
Interest	2.36	2.14
Gross profit	3.53	4.01
Depreciation	1.10	1.02
Taxation	—	0.33
Net profit	2.43	2.67
EPS (Rs)		10.31
RONW (%)		9.88

Gross margin has fallen, while net margin has improved slightly. Shree Acids' P/E is 6.88 on the current price of Rs 38.75. EPS is Rs 5.63 (on an expanded equity of Rs 4.32 crore).

PREMIER AUTOMOBILES

(Rs crore)

	6 months ended 30 June 91	6 months ended 30 June 90	12 months ended 30 June 90
Sales & other income	355.30	306.98	561.75
Interest	12.18	8.26	15.71
Gross profit	6.06	20.36	29.41
Depreciation	1.87	4.64	8.85
Taxation	—	1.80	3.39
Net profit	4.19	13.92	17.71
EPS (Rs)			7.86
RONW (%)			12.09

Premier Auto's P/E is 15.46 at the current market price of Rs 57.50 and an annualised EPS of Rs 3.72 (annualised EPS is based on the latest second-half's results only) Margins have taken a plunge.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 4 September 1991.*

PICK OF THE JOBS

HRD MANAGER



Organisation: A professionally-managed Rs 100 crore consumer products company poised for growth.
Requirements: A management graduate from XLRI/TISS/IIM; around 30 years; 10-12 years' relevant experience.
Other details: Will be based at Bombay; will report to the vice-president (personnel); will be responsible for manpower planning, systems designing, senior management appraisals, compensation studies, identifying and formulating training programmes.
Remuneration: Negotiable.
Enquiries to: Personnel Search Services, 71-A, Mittal Chambers, Nariman Point, Bombay 400 021. Tel: 2027859/0790/2874164.

CHIEF EXECUTIVE

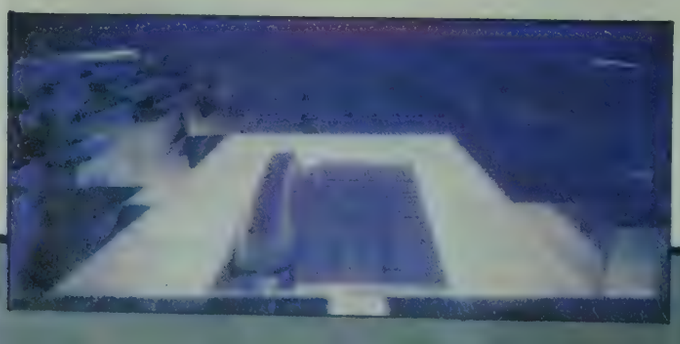


Organisation: A dynamic business group with multinational collaborations venturing into an entertainment-related project.
Requirements: A topnotch consumer marketing professional; around 40 years; with a creative mind and having an in-depth knowledge of consumer product distribution channels in India.
Other details: Will be based at Bombay; will assume total responsibility for the project; will manage and coordinate licensing operations in India; will report to the controlling overseas office.
Remuneration: The best; house, car.
Enquiries to: Personnel Search Services.

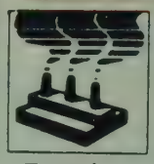
RETAIL BANKING HEAD



Organisation: A leading foreign bank in India diversifying into retail banking.
Requirements: An MBA from a premier institute; around 40 years; 3-5 years' experience at the top management level in a multinational consumer product organisation; with a strong marketing background.
Other details: Will be based at Delhi; will be expected to assume overall charge of the retail section.
Remuneration: Very attractive.
Enquiries to: The Concept, 67, White Hall, 143, August Kranti Marg, Bombay 400 036. Tel: 8224422/23, 8118319.



PLANT MANAGER/GENERAL MANAGER



Organisation: An export-oriented unit manufacturing and marketing leather shoes in technical collaboration with a leading European company, belonging to a large business group.
Requirements: A graduate in leather/footwear technology; 10-12 years' experience in leather shoes manufacture, of which at least 5 years should have been at the managerial level.
Other details: Will be based at Ranipet; will head the project team and be entirely responsible for factory operations.
Remuneration: Very attractive.
Enquiries to: The Concept.

VICE-PRESIDENT — MARKETING & SALES



Organisation: A consumer products division of a Rs 1,000 crore group of companies.
Requirements: An MBA; between 38 and 46 years; 10-12 years' experience in a similar position, of which 7-10 years should have been in a senior position.
Other details: Will be based at Bombay.
Remuneration: Attractive; house, car.
Enquiries to: Career Placement Services, PB No 8148, Bandra (E), Bombay 400 051.

CHIEF EXECUTIVE



Organisation: A Rs 300 crore company manufacturing consumer durables and engineering machines diversifying into pharmaceuticals.
Requirements: A graduate/postgraduate in pharmacy or engineering; should be capable of setting up a new factory.
Other details: Will be based at Bombay.
Remuneration: No constraints; house, car.
Enquiries to: Career Placement Services.

MARKET PLANNING MANAGER



Organisation: A multinational pharmaceutical company.
Requirements: A post-graduate in management; around 8 years' experience in marketing and strategic planning; should be familiar with computers.
Other details: Will be based at Bombay.
Remuneration: Around Rs 1.5 lakh per annum; house.
Enquiries to: Jonzehn Services, PB No 9891, Bombay 400 050. Tel: 6420387.

GENERAL MANAGER — WORKS

Organisation: A diversified industrial group manufacturing pesticides with a wide agrochem base.
Requirements: A B.Chem/B.Tech or M.Chem/M.Tech; around 40 years; 15 years' experience, out of which 5 years should have been at a senior level; should have a strong technical and administration background.
Other details: Will be based at Ankleshwar; will head the unit and be responsible for total plant operations; will report to the chief executive at Bombay.
Remuneration: Around Rs 2-2.5 lakh per annum; house, car.
Enquiries to: Boyden International, 616, Maker Chambers V, Nariman Point, Bombay-400 021. Tel: 33905, 240377, 2047428.

DIVISIONAL MANAGER

Organisation: A Rs 20 crore company in control instrumentation.
Requirements: An engineer (mechanical/instrumentation/electronics); between 35 and 45 years; with good business acumen and experience in instrumentation; should be capable of effective interaction with overseas clients and collaborators.
Other details: Will be based at Bombay; will report to the group director; will be responsible in the western region as a profit centre for the company.
Remuneration: Around Rs 2 lakh per annum; car.
Enquiries to: Boyden International.

PRODUCTION MANAGER

Organisation: A large multi-divisional engineering company with an excellent work environment.
Requirements: A BE (mechanical), preferably an MBA; between 35 and 45 years; 8-10 years' experience in sheet metal products and continuous production; should have excellent intrapersonal skills.
Other details: Will be based at Bombay, will be totally responsible for the the production of room air-conditioners, production planning and control.
Remuneration: Around Rs 1.3 lakh per annum.
Enquiries to: Boyden International.

HRD MANAGER

Organisation: A reputed foreign bank.
Requirements: A post-graduate from TISS/XLRI or any reputed institute; around 35 years; 5 years' relevant experience.
Other details: Will be based at Bombay.
Remuneration: Excellent; car.
Enquiries to: Manpower Services, 81, Poddar Chambers, S.A. Brelvi Street, Fort, Bombay 400 001.



PERSONNEL MANAGER

Organisation: A multinational pharmaceutical company.
Requirements: A postgraduate or ex-serviceman; between 35 and 40 years; 10 years' experience.
Other details: Will be based at Bombay.
Remuneration: No constraints
Enquiries to: Manpower Services.

VICE-PRESIDENT — FINANCE

Organisation: A large company manufacturing resins and varnishes.
Requirements: A CA; around 40 years; 15 years' relevant experience.
Other details: Will be based at Bombay; will be responsible for the financial functions which involve corporate planning and cash flow.
Remuneration: Above Rs 1.75 lakh per annum.
Enquiries to: Beam Services, 1, Colaba Chambers, Wodehouse Road, Colaba, Bombay 400 005. Tel: 2150122, 2181123/24.

OVERSEAS POSITIONS

BUILDING SERVICE ESTIMATOR

Organisation: The largest building services contracting company in West Asia with an international reputation.
Requirements: A mechanical/electrical engineer; experienced in building services designing.
Other details: Will be based at Bombay; will be responsible for estimation of airconditioning, plumbing and pipe services.
Remuneration: Very attractive.
Enquiries to: Beam Services.

□ Indra Gidwani

KEEPING UP-TO-DATE

WALTER E. VIEIRA



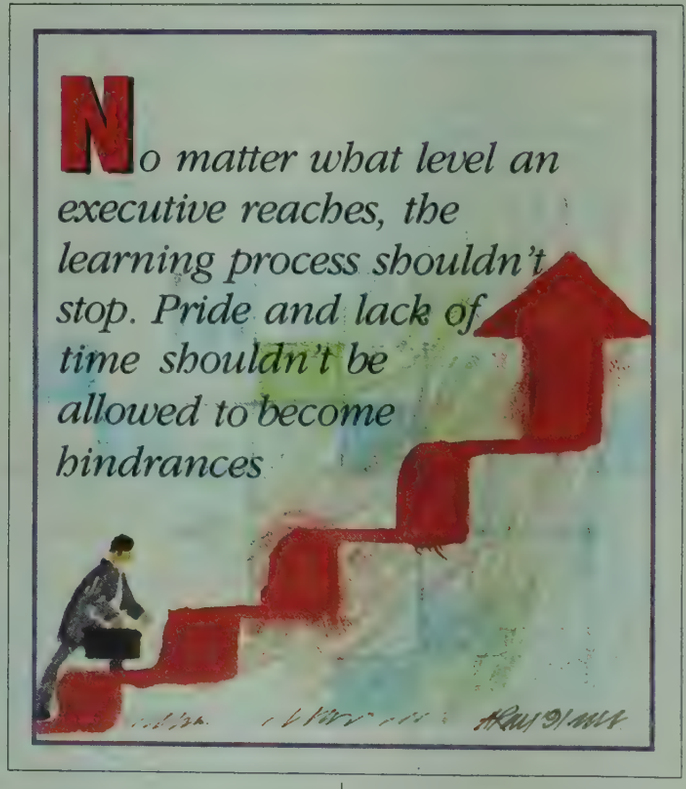
The first requirement for any professional in any field is to have the will to learn and to keep on learning throughout his career. Everyone knows this. Everyone accepts this. Yet not everyone practises it. In fact the higher one goes, the less one tends to learn. So much so that there may come a time when, as a very senior manager, one may find oneself with knowledge levels far lower than those of one's juniors.

This can happen for various reasons. One of them is time. The higher one goes, the busier one gets — and the less time one has to read; to attend courses; to see educational video programmes; to interact with peers; and to attend conventions or conferences. Opportunities, thus, pass one by — until one finds oneself too outdated to even attempt to catch up.

Another reason is pride. One begins to feel there is nothing more to know; and what one does not know is not worth knowing. Otherwise one wouldn't be where one is.

How else does one explain, for example, the absence of sales supervisors at development programmes organised by the company for salesmen? Most often, they do not attend (to see what is being taught); and if they do put in an appearance, it will only be at lunch time or at the end-of-the-programme dinner. While it is obviously impossible for them to attend right through, they could easily sit in for some or many of the sessions. Similarly, the sales manager will not attend even one session of the sales supervisors' programme — and so it goes on, right up the line.

There is also the status factor. Often, what one learns is not as important as where it is learnt. So one waits to be sponsored to the All India Management Association (AIMA) programme at Kathmandu, or any other similar programme. Or, if really up the ladder, then it will be nothing less than the six-week programme at Harvard or North Western. The reasoning is, if it cannot be learnt at Harvard, it is not worth learning at all!



However, there is always the pretence that one believes in learning all the time. After all, doesn't one organise development programmes for one's subordinates, or send them out on courses? And what an impressive sight those shelves in the office make — groaning under the weight of all the latest management books. That very few of those books have merited even a cursory glance is a different matter altogether.

Yet learning can take place in many little areas — areas which may seem really insignificant but are actually very important. And attention paid to any of these basic areas can often change the working style of the executive completely. Picking up skills like faster reading with comprehension, time management, dictation, basic familiarisation with personal computers and understanding of the programme evaluation and review technique (Pert) can make a vast difference. These are critical skills that can be picked up without attending long or high-flying workshops. But they are often overlooked.

Take Joe's case. He was managing director of XYZ Corp for five years. During his tenure, the company virtually stagnated. Joe's main stumbling block came in the form of little things. For instance, he could not dictate a letter or a report! He had to write every letter in his own neat handwriting. He was a perfectionist — he would draft and redraft a letter several times until he was satisfied that he had used the most appropriate words. When he was working on the final draft of letters which had to be sent to an overseas office, or to a government ministry, he resorted to "writing by committee." This meant that everyone was called in — the heads of marketing, purchase, finance, administration and production — to discuss the letter. In the meanwhile, the senior secretary to the managing director sat twiddling her thumbs until the final handwritten draft was ready to be typed.

The result: the company kept growing at a pace lower than the industry average, while Joe fed his head office every excuse to explain his inability to introduce new products, expand capacity, get new licences and diversify. Nothing was done to plan better marketing strategies for existing products, improve promotion techniques, or develop a more informative management information system.

Yet, if Joe had only taken the trouble to learn how to dictate or use a dictaphone and not be over-fussy about "perfection" in printing reports, he would then have had the time to plan his company's growth — his primary job.

Thus, just as drops of water make the mighty ocean, little learning steps can change even large organisations and help them improve. The busy executive of today, therefore, must find the time and the willingness to learn, to be up-to-date in his profession.

• *The author is a Bombay-based management consultant*



Be free to grow...



...Because we believe that if you grow we grow ourselves.

If you are a visionary professional who needs the opportunity to exercise that individualism which will enable you to translate your vision into reality, here is a spearhead company in electrical and electronic control products and systems that needs top drawer people like you who can grow in it and with it.

Breaking new ground, Bhartia Cutler-Hammer's new projects include a factory automation devices and systems plant as well as new manufacturing facilities for state-of-art control gear devices. These projects are being implemented in collaboration with technological leaders from Japan, Europe, and the USA.

We offer professionals with a penchant for excellence and stron leadership qualities, an emolument package that will be gratifying, superlative working environment, career growth opportunities base on objective performance appraisals and personnel policies which a sensitive to individual dignity and needs.

Chief of R&D

You will work with and report to the CMD. You shall be responsib for managing and directing the research functions of the compan which will include the acquisition and application of the latest relev

technology, to provide operational and corporate management with a continuous flow of technological investment options, and provide problem solving alternatives through leadership and staff motivation.

You shall have access to the resources and experience available with our international associates in organising and managing meaningful research functions.

You shall have a Masters or Doctorate in Engineering together with a demonstrated track record of competence in technical disciplines other than those covered by your post graduate degrees. You will have had at least 15 years experience in product/process research and/or product development which has involved significant applications of the latest technology.

You are likely to be from a leading research & development organisation from either the private or public sector, defence or other Government agency, where you will presently be heading an R&D group with a demonstrated record of excellence.

Chief of Marketing Operations

You shall be responsible for managing and directing the marketing operations of the company, as well as for recommending and implementing marketing policies to achieve corporate goals. You shall identify new product opportunities and ensure that company products meet market needs,that they are competitively priced, and are marketed through appropriate channels in a time-bound manner.

You shall be an Engineering Graduate, preferably with a post graduate degree in marketing, with at least 10 years experience in marketing industrial products, and shall presently be leading a team of marketing professionals.

Chief of Engineering

You shall be responsible for managing and directing the functions of design and development engineering, material standards and drafting. You shall provide design and technical support which will meet defined customer needs. Working in liaison with manufacturing, accounting and purchasing, you shall be responsible for cost effectively manufactured and competitively priced design development.

You shall be a Bachelor or Masters in Engineering (Electrical/Electronics) with at least 15 years experience in product research or product development that has involved a significant application of the latest technology. Whether from a leading private or public sector organisation, it will be essential that you shall have headed engineering groups with an outstanding record of excellence.

Chief of Export Market Development

You will be responsible for handling exports as an independent profit centre. You will also be responsible for business generation, including merchandise export and counter trade/imports.

You will have at least 10 years experience in exports, and personal contacts with agents/trading houses in India and abroad.

Materials Controller

You will be responsible for the complete materials management function of the company, managing and directing all activities relating to procurement, vendor development and indigenisation, imports, stores and warehousing as well as production planning and scheduling.

You will also be responsible for ensuring the successful implementation of an MRP on-line computer system, critical to company operations.

You should have sound commercial acumen with strong managerial and leadership capabilities to ensure integration of various material management activities.

You will be an Engineering Graduate, with preferably a post graduate qualification in materials management, and more than 12 years experience in a light engineering manufacturing industry. You will have been heading the materials management function of a company for the last few years.

Business Managers (3)

If you have entrepreneurial flair, your skills are needed to head independent profit centres. You shall be responsible for managing and directing market development, sales application, engineering, project execution, after-sales-service and effective sales realisation to achieve corporate goals at the profit centre of your choice from the list below :

- **Factory Automation Systems**
- **Industrial Drives**
- **Industrial Traction & Resistors**

You must be an engineering graduate with at least 7 years experience in Marketing/Sales/Application Engineering/Project Management. You shall have strong business skills, exceptional initiative and leadership qualities. You will be accountable for project performance and effective cost control.

Please mark your envelope 'Personal' and also give the title of the position applied for. Then mail your application within 10 days to :

Human Resources Department, Bhartia Cutler-Hammer Limited
1101, New Delhi House, 27 Barakhamba Road, New Delhi 110 001

BHARTIA CUTLER-HAMMER LIMITED

HTA 7443B

Larsen & Toubro Limited is leading Indian industry's thrust into unsurpassed levels of technology. Its Group II is involved in heavy engineering including manufacturing and commissioning of plant and equipment for core industries – oil and gas, chemical, petrochemical, nuclear, power, cement, food processing, offshore and marine related structural work.

L&T's Hazira Complex, near Surat in South Gujarat, extends over 200 acres and comprises heavy fabrication shops and open yards. Loadout facilities and free access to the sea through a shipping channel provide an additional dimension to the manufacture and transportation of large equipment.

For its growing activities, it is looking for talented, young engineers with exceptional leadership qualities in the following areas:

Managers
Assistant Managers

OPEN YARD FABRICATION

Candidate should be familiar with open yard fabrication of over-dimensional offshore modules, topsides, skids, process plant modules and other structures. Job calls for engineering and coordination of various yard facilities and close interaction with sub-contractors to ensure timely manufacture and despatch of large size fabricated equipment. Knowledge of structures, welding, quality control and inspection essential.

Qualifications: Degree or post-graduate qualifications in Engineering or equivalent qualifications in Naval Architecture or Marine Engineering.

Experience: 15-20 years relevant experience. Of this, 3-5 years should have been in a similar capacity in a fabrication yard in India or abroad engaged in manufacture of offshore/ process plant equipment. Ref. No. HZW/166

SYSTEMS AND INDUSTRIAL ENGINEERING

Job involves establishing, updating, implementing systems and procedures; work management and simplification, value engineering, cost reduction and other industrial engineering related assignments. Selected candidate will undertake systems development and other studies for technical and commercial applications to facilitate the rapid flow of relevant information in a job shop environment. Job calls for coordination with various user groups in evolving, implementing and upkeep of systems and procedures. Responsibilities further include studies relating to productivity monitoring, implementation of suggestion scheme, office automation.... Familiarity with computer hardware, software and firmware an advantage. Experience in leading engineering establishments required.

Qualifications: Degree in Engineering and post-graduate Degree in Industrial Engineering/ Business Management.

Experience: 15-20 years relevant experience of which 3-5 years should have been in similar capacity in heavy or medium fabrication/engineering organisation of repute. Ref. No. HZW/167.

COMPUTER CENTRE

Job involves providing in-house computing support by developing and implementing on-line integrated systems encompassing design engineering and development, techno-commercial applications and CAD/CAM usages. The job calls for evaluation and procurement of hardware and software products besides ensuring effective maintenance and up-keep of systems.

Qualifications: Degree in Mechanical Engineering/Electronics/Computer Science. Post-graduation in Computer Science with specialisation in systems management preferred. Exposure to UNIX/C/ORACLE desirable.

Experience: Candidate should have 15-20 years of relevant experience. Of this, 3-4 years should have been in a similar capacity in medium/large manufacturing unit having mini computer centre with more than 15 terminals including personal computers in a networked environment of reputed engineering projects/consultancy organisations. Ref. No. HZW/168

FOR ALL POSTS

Candidates must have proven ability to interact effectively with all levels of management. Positions call for good analytical ability and mature interpersonal relationships. The positions are based at Hazira.

Age: 35-40 years.

Emoluments: Salary and designation will be commensurate with qualifications and experience. The vacancies are in the Company's Covenanted cadre. Perquisites include conveyance allowance, provident fund, gratuity, superannuation, medical benefits, soft furnishing, furniture loan, leave travel allowance. Company accommodation may be considered on a selective basis in Surat.

Apply within 10 days, stating age, details of qualifications, experience, salary drawn and expected, quoting Ref. No. indicated against post ON APPLICATION AND ENVELOPE to Manager – Personnel, Group II:

LARSEN & TOUBRO LIMITED
Powai Works, Post Box 8901, Bombay 400 072.

L&T/ADV Dept



To drive the Success and Growth of our International Projects Division

We need a

GROUP MANAGER

The Company

INDEX COMPUTING, a wholly owned subsidiary of a major international bank, ANZ, is involved in the development of software for the banking and financial services sectors worldwide.

Business areas within Index are organised under two groups – the Banking Services and Project Management Services (PMS). The former is primarily involved in product development and support and the latter more in Project Management and turnkey projects. We are looking for a person to head the PMS Group.

The Job

Reporting to the Managing Director, the Group

Index Computing
Member ANZ Group



Manager will be primarily responsible for creating the market by exploiting profitable lines of business and managing the Division's operational resources. In addition, he will be responsible for unit planning and financial control, project execution and complete client management. The job would entail considerable overseas travel for both client liaison as well as furthering the business interests of the unit.

The Person

The career graph of the ideal candidate should have progressed as follows:

With a B.Tech/M.Tech/MS in Electronics Engineering or Computer Science, he should have spent the initial two years in programming/analysis on the IBM mid-range followed by use of structured systems design methods. Thereafter, he should have had 5-7 years hands-on experience on projects management in the international environment. At the present time, he should be a Senior Divisonal Head/Vice President in a reputed Software Company in India or abroad with individual profit centre responsibility. He should be a good man manager, a self-starter with demonstrable business acumen.

The Rewards

Our compensation package ranges at the top end of the market and would not be a limiting factor to the right candidate. He would have ample growth opportunities within the ANZ Group.

Candidates looking for challenge and growth may apply within 7 days to:

Group Manager – Human Resources,
INDEX COMPUTING P. LTD.,
Shariff Chambers,
14, Cunningham Road,
Bangalore - 560 052.

GUJCHEM DISTILLERS INDIA LTD.

with its Corporate Head Quarters at Ahmedabad, has factories at Bilimora and Ankleshwar in South Gujarat, manufacturing Carboxy Methyl Cellulose, Monochloro Acetic Acid, Industrial Alcohol, Speciality and Other Chemicals, Acetic Acid, Acetaldehyde and others. The company is embarking upon expansion and diversification programmes, enhancing capacities of existing products and setting up plants for introducing host of new products. The Company's current sales of Rs. 15 crores are slated to triple in the next three years and achieve phenomenon growth in the ensuing period.

The company is in the process of building a team of highly motivated and capable professionals to meet the challenges and demands of competitive business environment and expansion and diversification programmes on a massive scale. The company is on the look out for persons with good track record, commitment, and result oriented approach for following positions :

WORKS MANAGER

LOCATION
BILIMORA

Qualification and experience : Degree in Chemical Engineering with 10 years experience in similar capacity in Chemical, Petro-chemical or Fertilizer Industries. The selected candidate will assume overall responsibility of the works including manufacturing, engineering and maintenance, safety, and other technical functions, and will possess sufficient maturity to handle factory administration and HRD/IR functions effectively.

CHIEF ENGINEER

LOCATION
ANKLESHWAR

Qualification and experience : Degree in Mechanical and/or Electrical Engineering with minimum 10 years relevant experience in Chemical, Petro-chemical or Fertilizer Industries. The selected candidate will be responsible for all engineering functions including maintenance of existing plants, and erection and commissioning of expansion and diversification projects of the company.

PERSONNEL MANAGER

LOCATION
AHMEDABAD

Qualification and experience : Post Graduate in Personnel Management or Social Sciences from renowned institutions, with emphasise on Organisation Development, and HRD/IR functions. The selected person will have exemplary skills to be instrumental in building a highly motivated and capable team of managerial and supervisory personnel to achieve the set objectives, and to institutionalise personnel systems for appraisal, training, rewards and punishment, etc.

GENERAL

(1) Age : Below 45 years. (2) Remuneration will not be a constraint.

Detailed bio-data stating qualifications, experience, age,emoluments drawn and expected and specific achievements should be forwarded within 10 days to :

CHIEF EXECUTIVE
GUJCHEM DISTILLERS INDIA LTD.
F-1, CHAITANYA , SHETH C.G. ROAD,
AHMEDABAD-380 006.

ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE

REQUIRED ENGINEERS

ELECTRONICS/ COMPUTER/ELECTRICAL

For an established Industrial Group

A large, low-profile but highly successful industrial group reputed for pioneering work in diverse areas like electronics, computers, pesticides and the mining industry has successfully established itself as a leader in the field of state-of-the-art energy metering, monitoring and management products.

SECURE METERS and its team of dedicated and experienced technocrats have developed SEMS technology which is well on the way to revolutionize electricity metering, monitoring and management. This newly promoted but highly dynamic company has begun its second year with a full order book. Customer list encompasses some of the top names in the energy area. To handle this market growth, the company immediately needs additional human resources and renewed efforts to maintain its technological leadership.

Production/Quality Engineering Deputy Manager/Asst. Managers

Location: Udaipur

Good understanding of production/electrical engineering. Ability for designing jigs, tools, and fixtures. Exposure to Surface Mount Technology desirable. Degree/Diploma in Electrical/Electronics engineering. 3-5 years hands on experience.

R&D (Hardware & Software Development) Executives/Sr. Executives/Asst. Managers

Location: Udaipur

Engineers having degree/masters in Electronics/Electrical/Computer Sciences/Computer Applications from reputed institutes. 3-5 experience in design & development of microprocessor/PC based products and/or in systems programming in PASCAL or C under DOS/UNIX environment is a must.

Marketing/Field Support Engineers/Asst. Managers

Location: Calcutta, New Delhi, Bombay, Hyderabad, Bangalore and Udaipur.

Degree/Diploma in Electrical/Electronics engineering with 2-3 years experience in institutional/industrial marketing of electrical/electronic products/engineering goods. Sound technical knowledge with good communication skills are essential for marketing and field supporting this high-tech range of products.

Manager/Asst. Manager: Materials

Location: Udaipur

MBAs preferably Engineering graduates with relevant experience of 7-10 years in the electronics industry in the areas of purchase, stores and excise and able to handle the materials function in a computerised information system environment only need apply.

The company is committed to a formally adopted corporate Philosophy and offers an excellent work environment, rewarding growth oriented career and a high degree of professionalism. Positions offered have tremendous growth potential for the truly motivated. Excellent emoluments are offered with rapid growth prospects and personal advancement. Training and assignments abroad are distinct possibilities. Should you fulfill the above requirements and desire to be a part of the growing and dedicated team at SECURE METERS, apply within 10 days superscribing the post on the envelope, along with complete bio-data, emoluments received and expected to:

SEMS

Manager – HRD, Secure Meters Pvt. Ltd., P.B. No. 30, Udaisagar Road, Udaipur 313 001 (Rajasthan)

FERREIRA ASSOC./SEMS/847/91

CARRIER AIRCON LIMITED a Company promoted by Carrier Corporation, USA, which revolutionised India's air-conditioning industry with contemporary technology requires qualified personnel to sell, install and service its Split air-conditioners, Packaged Units and Chiller Packages.

Applications are invited from dynamic and result oriented personnel with impeccable track record for the following positions to maintain its established market leadership.

1. SALES MANAGERS/AREA SALES MANAGERS : (Ref. No. SM/3)
Responsibilities : Achieving sales targets for their Region/Territory. Support and development of dealers/dealers network.

Requisites : Graduate Engineers with 6-12 years experience in Product/Project sales in AC&R Industry for Sales Manager's position. Graduate/Diploma Engineers with 3-6 years experience in Product/Project sales in AC&R industry for Area Sales Manager's position.

2. CONSTRUCTION MANAGER : (Ref. No. CM/1)
Responsibilities : Over all management and responsibility of various project, executions at the region to achieve total quality and customer satisfaction. He would develop and lead dealers and a team of Company Personnel/ Sub-contractors.

Requisites : Graduate in Mechanical/Electrical Engineering with 6-10 years experience in installation and commissioning of Splits and Packaged Units and Central air-conditioning systems in a reputed AC&R Industry in India or abroad.

3. COMMERCIAL MANAGER : (Ref. No. CO/2)
Responsibilities : Overall supervision of commercial transactions of the division, preparation of EDP based MIS, implementation of cost control, working Capital Fund Management on All India basis for the division.

Requisites : CA/MBA (Finance)/M.Com. with 6-10 years' experience in A.C. Commercial functions.

4. AREA CONSTRUCTION MANAGERS/ CONSTRUCTION ENGINEERS : (Ref. No. CS/4)
Responsibilities : To co-ordinate timely completion. Cost Control and quality of installations at various project sites. To ensure total customer satisfaction.

Requisites : Degree/Diploma in Engineering with 3-6 years experience in system design, installation and commissioning of Split/Package and Central air-conditioning system.

5. SALES ENGINEERS : (Ref. No. SE/5)
Responsibilities : Achieving sales targets directly and through dealer network in their respective territories.

Requisites : Diploma in Engineering with 3-4 years experience in sales.

6. AREA COMMERCIAL OFFICERS : (Ref. No. ACO/6)

Responsibilities : Management and achievement of profitability of various projects through proper systems of cost control and implementation of credit/sales policies. Maintaining MIS reporting and reconciliation of direct sales/dealer accounts.

Requisites : M.Com/B.Com. with 6 to 8 years experience in commercial functions.

7. DESIGN ENGINEERS : (Ref. No. DM/7)
Responsibilities : Preparation of equipment ducting, piping of plant layouts related with AC&R projects. Company uses advanced proprietary CAD for systems and application engineering.

Requisites : Diploma/ITI with 6 to 10 years relevant experience in AC&R field. Exposure to CAD would be preferred.

All positions carry an attractive remuneration package comparable with the best in the industry and will not be a constraint for the right candidate. All the above posts are at Metros or Gurgaon. Company leased accommodation will be available for positions 1 to 4.

Interested candidates should apply within two weeks giving full details of qualifications and experience superscribing the reference no. on the envelope and application to :

Carrier AIRCON

The Human Resources Department
Carrier Aircon Limited
Narsingpur, Kherki Daula Post
GURGAON-122 001 (Haryana).

WE SELL
RS. 150 CRORES WORTH OF CATERPILLAR EQUIPMENT & ENGINES, HINDUSTAN MOTORS EARTHMOVING MACHINERY AND INTAC DIESEL ENGINES.

JOIN US, *IF* YOU CAN SELL MORE.

GMMCO can provide you with just that kind of opportunity to complete your metamorphosis as a marketing maestro.

GMMCO is part of a large industrial house: market leaders in Earthmoving Machinery, Diesel Engines, Medical Electronics, Aviation Industries and Engineering Consultancy. As the dealer for Caterpillar, GMMCO has a national network for the marketing and after sales service of its products.

The positions to be filled are in GMMCO's Engine Power Systems Group.

MARKETING MANAGER
(Bangalore)

The right candidate would be between 32 and 35 years of age.

A graduate in Engineering or a post graduate in Statistics, with MBA from a reputed institute. He would also have 8 to 10 years' product management experience in the consumer durables or engineering industry. In his new capacity, he would formulate and implement sound marketing strategies and develop new markets. Naturally, he would be a result-oriented self-starter. He will report directly to the General Manager.

AREA SALES MANAGER/ ASST. SALES MANAGER (Nagpur, Baroda, Vizag, Coimbatore & Bangalore)

. The right candidates would be between 29 and 32 years of age. A B.E. in Mechanical/Electrical Engineering, with 7 to 9 years' experience in marketing industrial products for a reputed company. Preference would be given to those with experience in capital goods. Selected candidates would be responsible for the implementation of marketing plans, and the achievement of sales objectives in their territories. They will lead and motivate field personnel,and manage the field operations efficiently.

Interested candidates may write in within 7 days, superscribing the envelope with position and location, to:

The Personnel Manager,
General Marketing & Manufacturing Company Limited,
Engine Power Systems Group,
Mahalakshmi Chambers
29, MG Road, Bangalore 560 001.

Or

contact over telephone: 544626, 544666, 544333, 544616

◆ GMMCO ◆ INTAC ◆ CATERPILLAR ◆ H M ◆ GMMCO ◆

MAA COMMUNICATIONS 1705-91

National Aluminium Company Limited

(A Government of India Enterprise)

Needs following Executives belonging to SCHEDULED CASTES & SCHEDULED TRIBES

Grade	Scale of pay (Rs.)	Designation	Pay and D.A. Minimum (Rs.)	Pay and D.A. Maximum (Rs.)	Minimum relevant experience required after relaxation	Age limit after relaxation
E04	4600 - 6790/-	Dy. Chief Engineer	5116/-	7306/-	11 yrs.	47 yrs.
E03	3900 - 6100/-	Assistant Manager	4416/-	6616/-	08 yrs.	45 yrs.
E02	3200 - 5250/-	Senior Engineer	3716/-	5766/-	05 yrs.	40 yrs.
E01	2500 - 4300/-	Engineer/Officer	3016/-	4816/-	02 yrs.	35 yrs.

1. **DY. CHIEF ENGINEER (MECH / HYDRAULICS) :** Gr. IV (SC only) **Qualification :** Degree in Mechanical Engineering. **Job Requirement :** Commensurate with the grade applied for, the candidates should have adequate post qualification experience in one or more areas of Mechanical / Hydraulic equipment, Operation, Maintenance of large Electro-metallurgical process, Compressor, Pneumatic bulk handling, pumps, Blowers, Industrial fans, Power Plant equipment and ancillaries. Experience in Aluminium Industry, Thermal Power Plant will be preferred - Design experience will be an added advantage.
2. **ASSISTANT MANAGER (CHEMICAL) :** Gr. III (SC only) **Qualification :** Degree in Chemical Engineering. **Job Requirement :** The incumbent should have relevant experience in operation and process control of a heavy or medium chemical plant. Experience in Aluminium Plant will be preferred.
3. **ASSISTANT MARKETING MANAGER :** Gr. III (SC & ST) **Qualification :** Degree in any discipline with Post-Graduate Degree/Diploma in Management majoring in Marketing or with recognised P. G. qualification in Marketing / Sales Management. **Job Requirement :** The job involves responsibility for all India and global marketing of Alumina and Aluminium metal. The incumbent will be responsible for conceptualisation, formulation and implementation of Corporate Marketing strategy, market development and collection of market intelligence both for National and Inter-national fields. The knowledge and background of marketing of Alumina/Aluminium including competitive pricing policy and market constraints both in National and International levels in reputed Public /Private organisation will be an added advantage. Sound knowledge in commercial law connected with National and International marketing is essential.
4. **ASST. MANAGER (R & D) / SR. ENGINEER (R & D) :** Gr. III / II (SC & ST) **Qualification :** Degree in Metallurgical / Chemical Engineering. Persons having Post Graduate Degree or Doctorate in above discipline will be desirable. **Job Requirement :** The job involves introduction of upcoming technologies and co-ordination between Research & Development division with plant operation for absorption of new technology and improvement in the existing technology. The area of specialisation should include one or more areas of Alumina production, Aluminium smelting and Aluminium fabrication technologies including product, process and other related developmental work.
5. **SENIOR ENGINEER (METALLURGY) :** Gr. II (SC only) **Qualification :** Degree in Metallurgical Engineering. **JobRequirement** : Candidates should have experience in operation of Metallurgical Plant / Carbon Plant or Research Laboratory of Metallurgical Plant. Persons working in Aluminium Industry will be given preference.
6. **SR. ENGINEER (REFRACTORY) / ENGINEER (REFRACTORY) :** Gr. II / I (SC & ST) **Qualification :** Degree in Ceramic Engineering. **Job Requirement :** The job involves refractory work in the Pot Room, Bake Oven Furnace and Cast House Furnaces. Candidates Should have a thorough knowledge as well as working experience of Refractory lining work in Coke Oven, Blast Furnace, Melting furnace and Kiln etc. Persons having experience in the areas mentioned in a large public / private sector industry will be preferred.
7. **SAFETY OFFICER :** Gr. I (SC & ST) **Qualification :** Degree in Electrical / Mechanical / Chemical Engg. **Job Requirement :** Candidates should have thorough knowledge of rules and regulations as per Factories Act and various types of Safety appliances. Should have experience in conducting field investigations / enquiries. Diploma Holders with longer experience may also apply.
8. **MEDICAL OFFICER :** Gr. I (ST only) **Qualification :** Candidates should be MBBS. Post Graduates in any areas of specialisation will be preferred. **Job Requirement :** Candidates should have worked in a hospital of repute. Should be able to independently handle out-door and in-door duties.

GENERAL : The candidates should be Indian National in origin. (2) The candidates should have worked in the immediate lower scale or equivalent for a period of at least three years. (3) Persons employed in Government / Semi-Government / Public Sector Undertakings should forward their applications through proper channel / produce "NO OBJECTION CERTIFICATE" from the employer before interview. (4) Candidates will be paid first class to and fro Train / Bus fare for attending the interview by the shortest route on production of ticket number / bus ticket.

COMPENSATION : In addition to pay and D.A (NPA for Doctors), other benefits include re-imbursement of local travelling expenses, LTC, subsidised housing, free medical facilities for self, spouse and dependent children, leave encashment, PF, gratuity, group life insurance, Post-retirement benefits etc., as per Company's rules.

HOW TO APPLY : Typed application along with the recent passport size photograph giving (1) Post applied for (2) Advertisement No. (3) Name (4) Address for communication (5) Nearest Railway Station (6) Permanent address (7) Date of birth (8) Qualification (from H.S.C. onwards with name of University, Year of passing, Percentage of marks and principal subjects) (9) Experience with name, address of employers, period of employment with date, designation, pay scale, basic pay, D.A., total emoluments, responsibilities / nature of assignment and reasons for leaving (10) Documents in support of present pay particulars (including pay scale, basic pay, D.A., NPA, other allowance) to be attacthed (11) Whether belongs to SC / ST category (12) Signature and Date, should reach the **SENIOR PERSONNEL OFFICER, NATIONAL ALUMINIUM COMPANY LIMITED, IDCO TOWERS (10 FLOOR) JANPATH, BHUBANESWAR - 751 007.** Post applied for must be superscribed on the envelope. The application should be made exactly in the format given above.

THE LAST DATE OF RECEIPT OF APPLICATION IS 27 - 09 - 1991.

(Advt. No. 05 / 91)

APPOINTMENTS

ALL INDIA INSTITUTE OF MEDICAL SCIENCES

ANSARI NAGAR, NEW DELHI-110 029

Advertisement No. 5/91-Estt. I

Applications will be received by the Director, All India Institute of Medical Sciences, Ansari Nagar, New Delhi-29 from Indian citizens upto 20th October, 1991 for the following temporary posts:-

1. **ADDITIONAL PROFESSOR (ONE):** Surgery
Pay Scale: Rs. 5100-150-6300 + NPA for medically qualified candidates.

2. **ASSISTANT PROFESSOR (TWENTY SIX)**
Anaesthesiology (Five), Paediatrics (Two), Biostatistics (Two), Radio-diagnosis (Two), General Surgery (Two), Dermatology & Venereology (Two), Endocrinology (One), Otorhinolaryngology (One), General Medicine (One), Community Medicine (One), Forensic Medicine (One), Hospital Administration (One) , Urology (One), Pharmacology (One), Gastro-intestinal Surgery (One), Cardiology (One) and Microbiology (One).
Pay Scale: Rs. 3500-125-4500 + NPA for medically qualified candidates only.

Note: The post of Asstt. Professor of Cardiology is for C.T. Centre at the AIIMS, New Delhi.

Reservations: 5 posts are reserved for Scheduled Castes candidates and 2 posts are reserved for Scheduled Tribes candidates.

N.B.: 1. All posts carry usual allowances as admissible to Central Government servants of similar status stationed at Delhi/New Delhi.

2. Scheduled Castes and Scheduled Tribes candidates called for Interview will be paid travelling allowance as per rules of the Institute.

3. The effective date upto which the requisite experience must be completed will be 30th June, 1992.

4. In case of Scheduled Castes and Scheduled Tribes candidates, the length of experience prescribed for the post of Asstt. Professors are relaxable at the discretion of the Selecting Authority.

Upper Age Limit: 50 years, relaxable for Government servants, Scheduled Castes and Scheduled Tribes candidates or otherwise exceptionally qualified candidates. Upper age limit upto 5 years is relaxable in the case of Scheduled Castes and Scheduled Tribes candidates.

N.B.: The essential qualifications are relaxable at the discretion of the Selecting Authority.

Application form and other information can be obtained personally or on written request accompanied by a self-addressed stamped (Rs. 3.00) envelope (23x8cm) from the office of the Sr. Administrative Officer, Administrative Block, AIIMS, New Delhi-110029.

CORRIGENDUM

Reference: This Institute's Advertisement No. 3/91-Estt.1 published in April, 1991 for various faculty posts at the AIIMS, New Delhi.

The advertisement for the post of Professor of Surgery appeared in April in various dailies for which last date of receipt of applications was 25.5.91 is hereby treated as cancelled/withdrawn.

Petron

We are a Company engaged in construction work of Heavy Industrial Plants such as Petrochemical, Refinery, Fertilizer, Power and Cement Plants. By dint of hard work and professional approach, we occupy a leading position in the Construction Industry in India. We offer salaries and perquisites comparable with the best. Our approach to man management is more on personal basis with a human touch.

By joining a Company like ours, employees have the added advantage of being able to work on Overseas contracts of the Company, while at the same time having the security of Indian employment as and when they return to India.

Looking forward to the future growth of our business both in India and Overseas, we need the services of the following categories of personnel in the various disciplines of engineering immediately. Personnel who have worked for the Company in the past will be preferred.

AREA MANAGER Graduates in Engineering with atleast 15 years construction experience, well versed in contractual correspondence, project coordination, planning and with good job knowledge in the carious disciplines of erection such as piping, structural work etc.

gement, with good knowledge of various disciplines of construction activities, such as piping, equipment erection, etc.

PLANNING ENGINEERS Graduates in Engineering with 5 to 10 years' work experience with good knowledge of all aspects of construction work such as piping, equipment erection, M/W work, etc. Candidates with an analytical mind and with knowledge of PERT/CPM and with Computer exposure shall be preferred.

SENIOR ENGINEERS/FIELD ENGINEERS Graduates in Engineering with 5/10 years' experience, in the direct supervision of construction work at site in piping, structural erection, equipment erection, etc.

GRADUATE TRAINEES Graduates in Engineering.

SUPERVISORS/FORMAN With work experience of 5 to 10 years on the job, guiding the workmen in piping fabrication and erection, structural fabrication and erection, equipment erection and M/W work, electrical / instrumentation work, etc. They should be able to effectively control a group of workmen to achieve efficient and economic function.

WELDERS, FITTERS, MILLWRIGHTS, FABRICATORS, INSULATION FITTERS, REFRACTORY BRICKLAYERS, CRANE OPERATORS, PLANT MECHANICS, ELECTRICIANS, INSTRUMENT FITTERS, SAND BLASTERS AND PAINTERS:

With work experience in their respective fields.

Apply with photograph and a copies of Passports within 15 days to:

PETRON ENGINEERING CONSTRUCTION LTD
SWASTIK CHAMBERS, SION TROMBAY ROAD
CHEMBUR, BOMBAY 400 071

THE SHIPPING CREDIT AND INVESTMENT COMPANY OF INDIA LIMITED

SCICI — a fast growing all-India development financial institution — specializes in providing financial and developmental assistance to shipping, fishing, road and air transport, oil exploration and production, power generation and distribution, telecommunications, food processing, tourism and other allied industries. During the short span of its existence of four years, it has grown to a Rs. 1000 crore Company from Rs. 100 crores in 1986 and is also in the process of substantially diversifying its operations. The Company made a public issue of Rs. 25 crores in February 1991 and now has a paid-up capital of Rs. 75 crores. The Company's reserves aggregated Rs. 47.12 crores on March 31, 1991.

It is now offering professional opportunities to a few qualified and bright candidates in the following positions:

MANAGER — ACCOUNTS

This position would have overall charge of audit and accounts plus the computerised systems of SCICI. Candidates should be qualified Chartered Accountants and have atleast 5 to 10 years relevant experience with proven leadership skills as the job requires the putting together and management of a small team of qualified professionals.

MANAGER — SYSTEMS

The incumbent would have overall responsibility for the computerised and other automated systems for implementation of the ongoing projects and for maintenance and development later on.

Candidates should be post-graduates with computer background, financial orientation and excellent communication skills. Relevant experience in developing an online computerised environment is essential.

PROJECT OFFICERS

The job involves all aspects of project appraisal, marketing and financing, monitoring and review of credit in SCICI's expanding and diverse customer groups, besides interaction with other lending institutions and agencies of the Central and State Governments. Candidates should be either MBA's possessing a basic degree preferably in any engineering discipline or post graduates in fisheries, with one or two years relevant experience. Applicants possessing relevant or related experience shall also be considered for placement in the Company's Merchant Banking Division.

For all the above posts, acquaintance with computerised environment is a must.

The compensation package would be commensurate with the qualifications and experience of the incumbent, and would not be a constraint for the right candidate. SCICI provides perquisites like Provident Fund, Gratuity, Superannuation, LTC and Medical reimbursement. Residential accommodation could also be provided.

Please apply before September 30, 1991 giving complete biodata, educational qualifications, age (with date of birth), experience, present salary, etc to:

THE SHIPPING CREDIT AND INVESTMENT COMPANY OF INDIA LIMITED
Nirlon House
254-B, Dr. Annie Besant Road
Bombay 400 025

Mudra:B:SCICI:1004:204



Madhya Pradesh Iron & Steel Company, a Unit of Hindusthan Development Corporation Ltd.,is setting up a mini steel plant at Malanpur near Gwalior. The plant is in Technical Collaboration with M/s. Hamburger Stahlwerke (Germany) and would be amongst the most modern mini steel plants in India. It will be equipped with 70 t UHP/EBT-EAF, LF, VD/VOD, 4 Strand CCM with EMS, High Speed Bar Cum Wire Rod Mill, Bell Annealing Furnaces, Tonnage Oxygen Plant, Lime Plant etc.

We require following personnel for our MARKETING DIVISION at Delhi:-

1) General Manager (One)

The person we are looking for will head the Marketing Division and will be responsible for the marketing, including export, of entire production of 300,000 tpa of Alloy and Special Steels. He should be a Graduate Engineer (preferably Metallurgical) from an Institute of repute with post-graduate Degree/Diploma in Business Management/Marketing. Experience of around 20 years in Steel industry is desirable of which at least 10 years should be in a senior position in the field of marketing of Special and Alloy Steels.

2) Managers – Straight Lengths & Wire Rods (One each)

The incumbents will be responsible for the marketing of Straight Lengths (Bars/Rounds/Flats) and Wire Rods. They should possess Degree in Engineering from a premier Institute. Post-graduate Degree/Diploma in Business Management/Marketing will be an added advantage. Experience of around 15 years in Steel industry is desirable of which at least 10 years should be in the relevant field of marketing of Special and Alloy Steels.

Salary and perks are negotiable and will not be a limiting factor for the right candidate. Please apply with complete bio-data within 15 days to:-

President,

Madhya Pradesh Iron & Steel Company,

'Arunachal', 9th floor, 19, Barakhamba Road,
New Delhi-110 001.

PRESSMAN

VICE PRESIDENT
(MARKETING)

(FASHION SENSITIVE CONSUMER GOODS)
North India

For a multi-product, multi-locational Industrial House – for its well established and well promoted brands of fashion sensitive daily usage consumer goods. The company enjoys countrywide retail outlets and effective distribution network.

The positions would be based at Units in North India (not Delhi).

The applicant must be a Post Graduate in Marketing from a reputed management institute, around 35 years, and have 10 to 15 years track record of success in consumer marketing in competitive environment with reputed organisations.

Marketing experience at Senior levels with big companies in Footwear, Paints, RTW Garments, Domestic Appliances, Textiles and the like would be an advantage.

More than a mere job, we offer a career with one of the most coveted industrial houses in the country.

Apply with resume superscribing "Marketing Chief" on the cover, to:
Box No. 19120, Prabhadevi Post Office, WORLI, BOMBAY - 400 025

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Dynamic growth opportunities The Ross Murarka Group, a highly profitable, professional and result-oriented group with nearly Rs. 100 crores in assets, with diversified interests in Finance, Publishing, Real Estate, Housing Project, Chemicals and Edible Oils. To meet the challenge of growth we are looking for real achievers.

Indian Oleo Distillates Ltd.

PROJECT MANAGER EDIBLE OILS.
Rs. 1,50,000 upto Rs. 2,50,000 annum based at Nanded, Maharashtra.
Indian Oleo Distillates Ltd. is a Rs. 16 crores Project to crush 200 tonnes per day of various oil seeds plus 100 tonnes per day solvent extraction plus 50 tonnes per day edible oil refining and 100 tonnes per day manufacture of Vanaspati.
The Project Manager will be **responsible for erection and commissioning** including liaison with the turnkey contractors-Best and Crompton Ltd., and financial institutions, vendors and suppliers.
Chemical Engineers with experience in Erecting or running an Edible oils project would be preferred.

ROSS CHEM INDUSTRIES LIMITED
TECH. MANAGER - CHEMICALS.
Rs. 78,000/- per annum + perks.
Based at Cuddalore — Tamil Nadu
Rosschem Industries Ltd. India's first food grade phosphoric acid plant. This is 100% Export Oriented Unit (EOU) which will commence production in Sept. 91. The Technical Manager must have knowledge of phosphoric acid manufacture and must be **capable of maintaining Excellent Quality** and should be able to run the plant together with team of engineers.

ROSS MURARKA GROUP
MARKETING EXECUTIVES/ MANAGEMENT TRAINEES.
Male/Female. Rs. 3000/- per month
Based at Bombay, Delhi, Bangalore, Madras, Calcutta.
If you have a degree and a background in Chemicals Marketing, Publishing, Finance, PR or Advertising and are between 22 to 28 years of age - you could make a dynamic career with us.
Graduates with experience will be given preference.
The successful candidates will be put through a rigorous training programme in the Group s various Branches and Business Divisions for a period of 2 years after which they will be designated as Asst. Managers on a salary of Rs. 4000/- per month plus perks. Must be willing to be transferred or relocated to any region.

Please apply, marking on the Envelope the post applied for, to :

The Chairman, **ROSS MURARKA FINANCE LIMITED** Corporate Office,
2nd floor, Sterling Center, Dr. Annie Besant Road, Worli, Bombay-400018.



Kalyan Dutt Roy has been promoted as vice-president of Annapurna Foils.



V.K. Ropa has joined Ranbaxy Laboratories as director (corporate affairs).



Kamlesh Gagrani has joined Indo Rama Synthetics (I) as vice-president (finance).



P.D. Modak has taken over as chairman & managing director of Bharat Electronics.



Nagaraj S. Rao has been promoted as vice-president (southern operations) of Neoluxe India.



Surinder Kapur has been elected president of the Automotive Component Manufacturers Association (ACMA).



T.T. Thomas has been elected chairman of the Kerala Management Association.



Chinubhai Shah has been elected president of the All India Management Association.



N. Padmanabhan has joined Hexaware Infosystems as chief executive.



S.N. Ujjainwala has been appointed assistant general manager of Intec Systems.



H.J.J. Rensma has been appointed managing director of Peico Electronics & Electricals.



P. Patnaik has been appointed director & senior vice-president of the industrial electronics and warehousing & physical distribution divisions of Philips India.

Love makes Harlequin's registers ring.

ROMANTIC BUSINESS

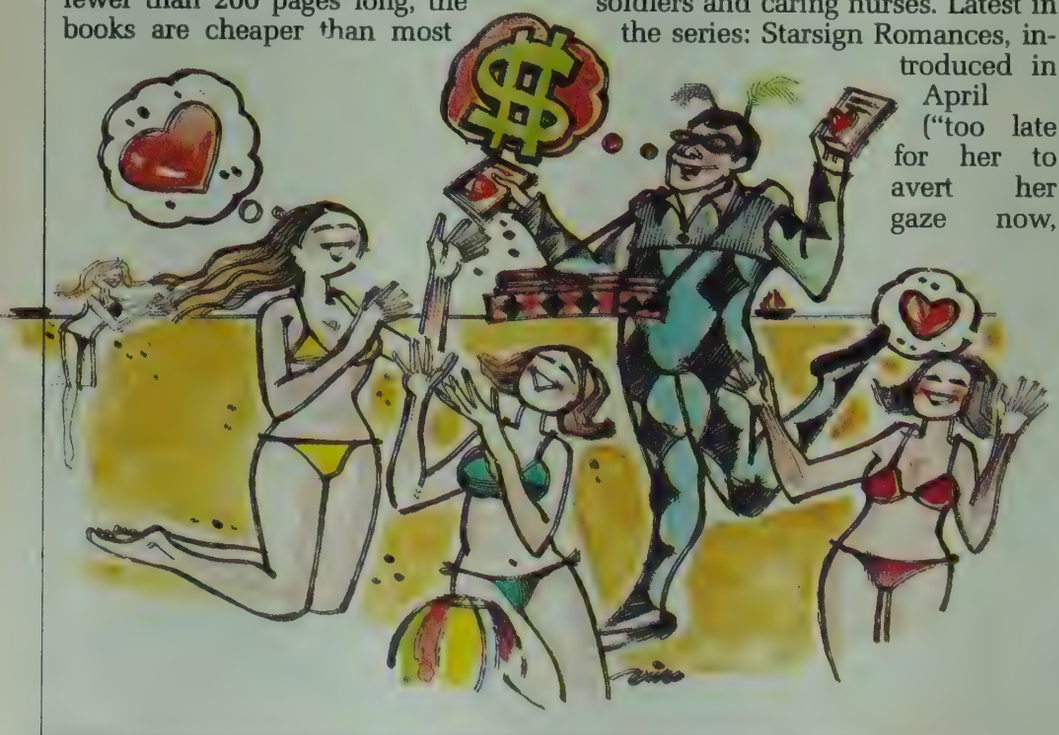
For something that money can't buy, love sells well. Harlequin Enterprises, a subsidiary of Torstar, a Canadian publisher, knows that better than anybody. A mix of lush locations ("from the moment she felt herself lifted onto Rodrigo Aviles' saddle, Rebecca Harper knew she had definitely wandered off the tourist trail in Baja"), and lusher characters ("Arminel knew that her holiday friendship with Rhys Beringer was no more than that, a friendship"), Harlequin's simple romances last year produced C$348 million (Rs 766 crore) in sales and C$58 million in operating profit. British and Australian pulp-passion readers know them under the Mills & Boon imprint.

Harlequin Enterprises has a profitable grip on pulp-passion readers' pulses

Harlequin works more like a periodical publisher than a book publisher. Over 60 new titles appear each month. Distributed through newsstands and mail-order rather than bookshops, all go out of print within weeks. Priced at under $3 and fewer than 200 pages long, the books are cheaper than most magazines, and take no longer to read.

Vast stable. To keep the titles flowing, Harlequin maintains a vast stable of regular authors. Around 600 are managed from the firm's Toronto and New York offices, 350 from London. Few contributors write full time: one of the most popular started life as a bank cashier; most are housewives or slumming journalists. To keep their output consistent, Harlequin issues them with strict instructions on characterisation and plot. The hero must be "overwhelmingly attractive — that means he probably isn't bald, short or fat," suggests an introductory tape. Happy endings are compulsory.

Harlequin's marketing strategy is as simple as its editorial one. Different sub-brands aim at different types of reader. The relatively explicit Temptation series, launched six years ago, aims at younger women. Harlequin's Medical Romances line originated in war-time love stories about injured soldiers and caring nurses. Latest in the series: Starsign Romances, introduced in April ("too late for her to avert her gaze now, she decided, holding her aloof Virgo stare on his smiling face.") For 1992, Harlequin plans a 12-part series celebrating that most romantic of unions, the single European market. Each book's hero will be from a different European Community (EC) country. Yes, even Belgium. — *The Economist.*



Subcontracting isn't working too well in the West.

THE JAPANESE WAY

Farming out chunks of production to subcontractors — known to business buffs as outsourcing — has proved one of the more enduring management fads of the past decade. By handing over more and more of their production to outside specialists, the theory goes, firms can cut costs, rein in capital spending and focus on what they are good at. Outsourcing plainly works: after all, Japanese companies swear by it. Yuji Furukawa of Tokyo Metropolitan University estimates that subcontracting now accounts for over a third of Japanese firms' total manufacturing costs, up from less than 20% in the sixties. He reckons the proportion will rise to 40% by the turn of the century.

Unsurprisingly, Western companies have been trying to catch up. But, like so many management techniques that seem to work well in Japan, outsourcing appears to have lost something in translation. According to an unpublished study by the Boston Consulting Group (BCG) of over 100 manufacturing firms in America, Japan and Europe, many Western companies find that something unexpected happens when they start using extensive subcontracting — far from falling, their costs actually increase.

Tripping up. For some companies, says BCG's Thomas Hout, that is only the start of the bad news. A number of the firms surveyed found that, after several years' outsourcing, they started to lose their technological edge over competitors; others believed they were "losing control" of their process



A JAPANESE AUTO PLANT: *Different approach*

technology; others that their product quality was faltering. What were they doing wrong?

Part of the answer is that most Western firms start using subcontractors simply because they want to cut overheads — shorthand in most cases for cutting jobs. Exactly which bits of their manufacturing processes are subcontracted out is decided by which will save most on overheads, not by which makes most long-run sense. That means a piecemeal approach to outsourcing, which in turn results in patches of manufacturing overcapacity scattered at random throughout the firm's operations. Trying to consolidate and reorganise the mish-mash of operations that remain in-house, says BCG, is where companies usually trip up.

Approached this way, outsourcing has other snags. It often results in the use of large numbers of subcontractors, as each part of the company delegates work to favoured suppliers. That is one reason why Europe's mass-market car-makers have failed to cut costs despite extensive outsourcing. Coordinating a gaggle of subcontractors is often more time-consuming — and costly — than managing in-house manufacturing of the parts in question.

Worse, the piecemeal, random nature of much subcontracting means that a company can lose its grip — often without realising it — on some of its core manufacturing processes. By the time the firm realises what is going on, it may be too late to make up the lost ground.

The random nature of much subcontracting means that a company can lose its grip on some of its core manufacturing processes

Japanese firms tend to approach outsourcing differently. Their primary motive for subcontracting is to improve the quality and efficiency of their manufacturing processes; cuts in labour and other overhead costs are a secondary consideration. This approach entails systematically subcontracting out only those activities that add little value; those that are marginal and hence high-cost; and those that give the company no competitive edge. Honda, probably the world's best car-engine-maker, would never dream of letting go of its skills in engine design and building. Nevertheless, when a Japanese firm does contract out, it does not let go altogether; it usually advises its supplier on manufacturing techniques, and cooperates with it on research and development.

Successful outsourcers also subcontract to as few suppliers as possible for each part. By doing that, a firm can build closer relations with its subcontractors, while they, in turn, are better placed to benefit from any economies of scale or manufacturing synergies. Writing with Mark Blaxill, a fellow BCG consultant, in the current issue of the *Harvard Business Review*, Hout cites one (Western) company that saw the cost of bought-in components fall by a fifth when it cut by two-thirds the number of subcontractors it employed to make them.

Harley-Davidson, a Milwaukee-based motorcycle manufacturer, has gone further. It found that by streamlining its manufacturing processes (by introducing techniques such as just-in-time stock management), much of the component production it had previously delegated to external subcontractors could once again be carried out more cheaply in-house. Insourcing: next year's management fad. — *The Economist.*

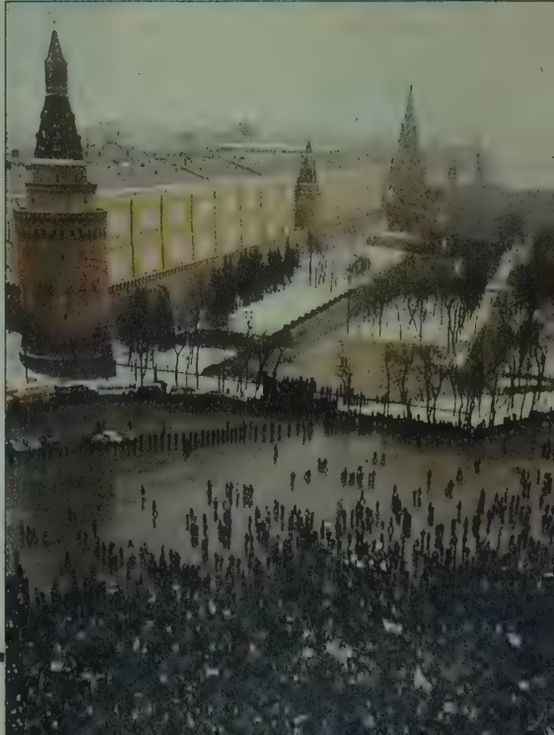
Joint ventures in the USSR are on the expansion trail.

WESTERN CONNECTION

McDonald's hamburgers were distributed free to those manning the barricades at the besieged parliament of Russia during the abortive coup. Pizzas came from Pizza Hut. An American joint venture, Sovamer Trading, provided the parliament with round-the-clock international telephone lines to Helsinki. The tiny enclave of Western investment tied up in Soviet joint ventures had much to be pleased about when the coup collapsed.

What is more surprising is that it had something to be pleased about beforehand. Amid the general decline in the Soviet economy, joint ventures

THE KREMLIN: *Welcoming Western investment*



If political chaos and economic autarky can be kept at bay, the prospects for foreign investment look better than for 74 years

are continuing to expand fast. At the end of March (the most recent data available) 3,200 joint ventures had been registered, nearly three times as many as a year earlier.

True, for a long time the number of joint ventures registered has borne no relation to the number operating because, in the early stages, Western companies tend to register businesses without committing any money to them. (Even now, the number of joint ventures actually operating is still only 948.)

But this also seems to be changing. Total sales by joint ventures in the first quarter stood at 2.3 billion roubles (Rs 7,567 crore at the overvalued commercial exchange rate). That, say the authorities, was nearly four times as much as a year before. Even if this was in nominal terms, unadjusted for the Soviet Union's raging inflation, that still means the volume of sales from joint ventures has doubled in the past year — at a time when Soviet output as a whole fell, on official underestimates, by 8%.

Tiny share. It would be too much to claim that the joint ventures are having any significant impact on the Soviet economy. If their total revenues continue to grow at their present rate for the rest of the year, annual sales would amount to around 9 billion roubles; Soviet gross national product (GNP) is likely to be around 18 trillion roubles this year, so joint ventures' share in the economy is less than 0.05%. Their share of total exports is similarly tiny.

That said, two aspects of their growth provide pointers to the future. First, just over a quarter of their sales were accounted for by computers and computer services. This suggests that, at last, the least-modern part of the Soviet economy — its information-technology industry — is beginning to pick up. This in turn should eventually help make the rest of the beast more nimble.

Second, a surprising amount of the joint ventures' revenues came from sales made in convertible currencies within the Soviet Union (that is Soviet citizens and Westerners paying for goods and services in dollars). This suggests that even while the rouble remains unconvertible, it is possible to earn hard currency. When added to joint ventures' export earnings, this is enough to turn their overall foreign-currency operations positive for the first time. At last, Western investors are earning a useful return.

Though before the revolution foreign investment held around one-third of Russia's capital stock, foreign investors are unlikely to make a substantial difference to the Soviet economy in the short term. Nevertheless, if — and it is a big if — political chaos and economic autarky can be kept at bay, the prospects look better than for 74 years.

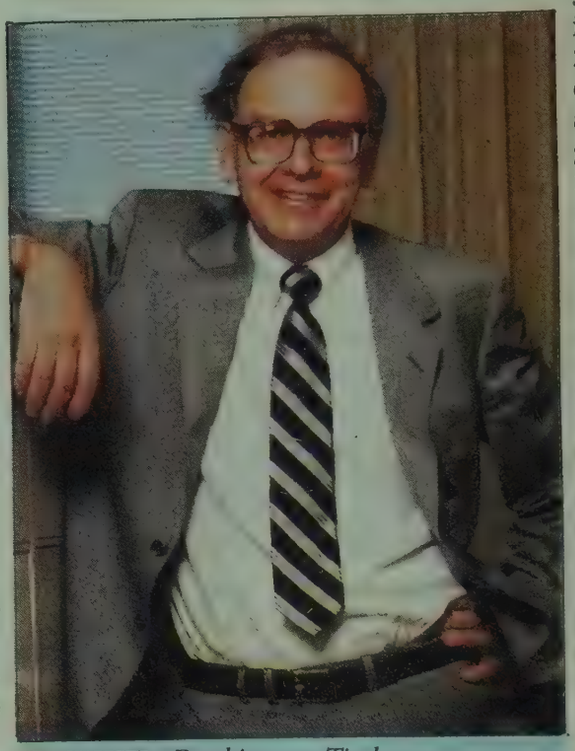
Radical reformers in the republics emerged from the coup much strengthened. Their plans for privatisation should now no longer be held back by opposition from Central government. The biggest obstacle to new foreign investment — the non-convertibility of the rouble — may soon be removed (and anyway, in practice, people have found ways to get around it).

The Soviet workforce remains, for the money, one of the most highly educated in the world. At the black market rate the average monthly wage is $10. Amid the gloom generated by chaos and economic collapse, a Western-investment success may be in the making. — *The Economist.*

Salomon Brothers is still in the doghouse.

STRUGGLING TO SURVIVE

Another week in the wilderness for Salomon Brothers, and the problems of Wall Street's disgraced bond-trading house, which has admitted to breaking Treasury auction rules and faking customer orders, are deepening. More state pension funds are suspending business with the firm. A senior Salomon director was asked to resign from the body that advises the government on selling its securities. More important, on 28 August Moody's, a rating agency, downgraded the firm's debt. The move was expected, but still matters.



BUFFETT: *Banking on Tisch*

On 9 August, when the scandal broke, Salomon had $8.3 billion (Rs 2,750 crore) outstanding in commercial paper. Finding "some reluctance" among holders to roll over their maturities, it began to roll off the paper. By 27 August $1.5 billion had been converted to collateralised loans. Another $3.8 billion is expected to go by the end of September. Salomon's liquidity is not in doubt, but its cost of raising what used to be unsecured loans has risen by 20-25 basis points.

Unlikely source. If there is any joy in Mudville, it comes from an unlikely source. Laurence Tisch, chairman of Loews Corp and of CBS, and a man who often manages to buy at the bottom, has acquired 1.5 million shares in Salomon, a stake of just over 1%. Salomon's temporary chairman Warren Buffett, is a long-time investing buddy of Tisch, with whom he is believed to drink cherry Cokes and

Evidence of more wrongdoing coming to light could make Salomon's recovery impossible

plot bank-share purchases. He will be hoping that Tisch has convinced others that Salomon's share price is now set to rise. This it has obligingly done.

Though bets are now better than 50-50 that Salomon will survive, two things could easily make real recovery impossible. The first is if Salomon's big rivals attack it comprehensively in the courts. Some publicly-owned dealers are already murmuring that they may have to sue Salomon for losses they sustained in the auctions it rigged, if only to forestall shareholder suits. Now the Securities and Exchange Commission is looking for evidence of widespread collusion and price-fixing. The more vigorous its inquiries, the more dealers may feel they have to sue to assert their innocence.

The other, greater, threat is that evidence of more wrongdoing at Salomon will come to light, ruining the efforts of those remaining to pin the government-bond fiddle on a couple of atypical bad apples. On 28 August the Resolution Trust Corp, the agency handling the cleanup of America's thrifts, said it was satisfied with the report it had asked Salomon to submit to it to clarify whether the firm might have violated the agency's ethics code in its junk-bond dealings. Salomon was clean, the agency concluded.

The message from the New York stock exchange on the same day was less reassuring. The exchange punished two former Salomon employees for altering reported trade prices for customers during the stockmarket crash of 1987, then trying to cover up the changes in early 1988. The exchange had already fined Salomon $1.3 million for the affair in January 1991. It was a blast from the past that the firm might have wished to do without. — *The Economist.*

China's planners have a new strategy to boost exports.

ENTERPRISING DREAMS

China's economic reformers are urging that new privileges be granted to the country's most efficient state enterprises, in an attempt to boost the country's exports and foreign exchange earnings. Eventually, these enterprises may be allowed to set up processing and distribution networks overseas.

A set of measures currently being drafted by the State Commission for Economic Restructuring (SCER) will grant new autonomy to 100 selected enterprise groups. Apart from earning hard currency, the enterprises will be expected to acquire experience in hitech operations and establish broader international links.

Before that, though, the proposed reforms will have to receive the blessing of the policymaking state council. With the collapse of the communist party in the Soviet Union, Peking may be reluctant to implement the bolder proposals and to reduce the role of party *apparatchiks* in business.

The enterprise groups were mostly formed during the past five years, rationalising targeted industries through a combination of mergers, acquisitions and joint ventures. They were part of the state's attempt to reform its increasingly inefficient businesses by drawing on the Japanese model of multi-faceted business conglomerates, known as *keiretsu*.

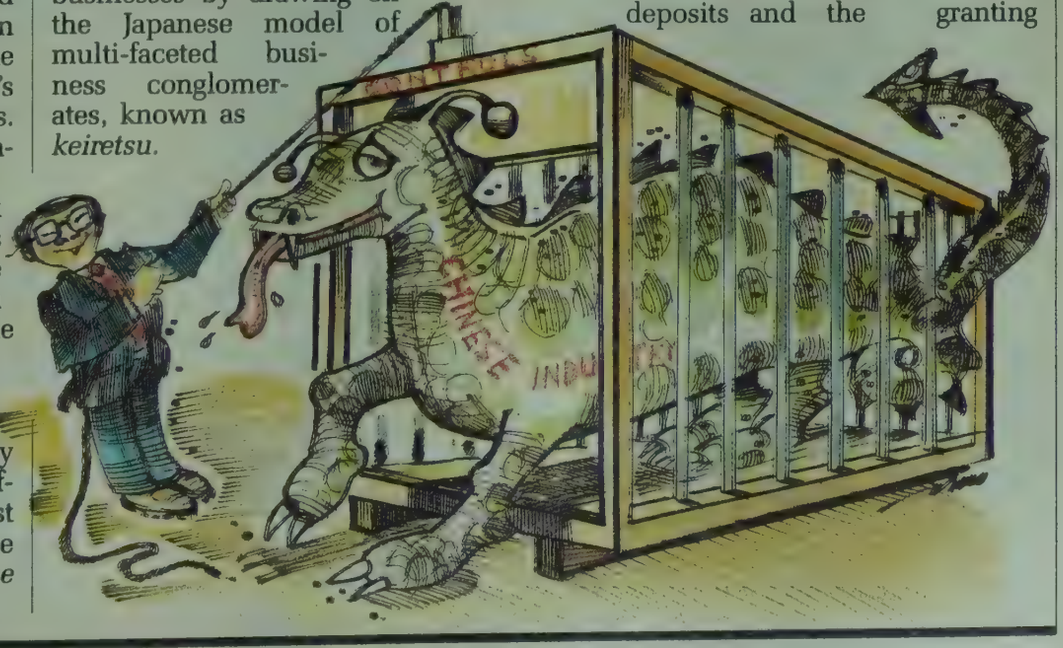
The 100 companies selected are expected to be drawn from a wide range of industries, from cars and machine tools to different types of light consumer goods. They will not only have to be profitable but will also have to satisfy certain conditions, which were first suggested at a national work conference of enterprise groups in Peking earlier this year. The groups must have a strong nucleus enterprise which has direct control over a number of member firms, and their businesses must cross regional boundaries.

Cutting red tape. The measures are expected to provide for more business flexibility, increased export privileges and greater freedom of travel for company executives. At present, the enterprise groups are hampered by bureaucratic regulations, says Lu Zhihui, an economist with Shenzhen Electronics Group (SEG).

The products of enterprise groups can only be exported through one specified major port in the vicinity, state finance can only be obtained after time-consuming procedures and executive travel is severely curtailed. All these restrictions impede a firm's response to market changes, he adds.

Lu, who was with the SCER in Peking until early this year when he joined SEG, says the new measures will allow enterprise groups to export through more than one Chinese port. SEG, for instance, is currently limited to the Huangpu port in Canton.

Among the more radical changes being considered by the SCER, enterprises may be allowed to provide financial services for other companies within their group, including the taking of foreign exchange deposits and the granting



of loans. These groups would also have the right to raise finance overseas. Executives could qualify for multiple exit visas.

All this will give the enterprise groups greater room for manoeuvring and more autonomy in decision-making. But the Chinese enterprises have a long way to go before they can hope to emulate their Japanese models, says Lu. China's top sales performer last year was Daqing Petroleum, a producer and marketer of petroleum, which recorded a turnover of $2 billion (Rs 5,200 crore); an annual turnover of $10 billion is unexceptional for multinationals in industrialised countries.

By granting more freedom to selected state enterprises, China hopes to emulate the success story of Japanese business conglomerates

Major deterrents. Lack of management skills, international expertise and foreign exchange resources have been major deterrents to Chinese companies expanding overseas. But now, through successful collaboration with foreign investors in joint ventures within China and rapid business growth, many of these enterprises have accumulated enough foreign currency, business experience and local prestige to want to strike out overseas.

The move overseas will be led by Guangdong companies, which until last year were allowed to retain more of their foreign exchange earnings than those of most of the other provinces. Consequently, Guangdong enterprises are richer in foreign exchange than those of most of their counterparts in other provinces. Since last year, however, similar foreign exchange benefits have been allowed in other provinces.

The new incentives will make it easier for enterprise groups to invest in projects overseas — most likely joint ventures — particularly in industrial-related business, retailing and real estate, Chinese officials say. The recommended areas for investment are industrialised countries in North America, western Europe and Asia.

SEG, a prime candidate for the list of 100, already indirectly owns a chain of retail outlets in the US through its 6% equity interest in Hongkong-listed Semi-Tech Microelectronics, which owns the Singer brandname and its distribution network. It will be able to sell its TV sets, hi-fi equipment and quartz watches through this retail network. This sets a precedent for other Chinese enterprise groups looking to buy into key markets.

These factory-based conglomerates could dramatically boost China's overseas corporate presence, now dominated by trade and investment institutions such as China Resources, China International Trust & Investment Corp and Guangdong Enterprises, which come under ministerial or provincial control.

Only government restrictions stand in the way of the enterprise groups expanding overseas, says Lu. The state, however, is unlikely to completely surrender its role in these businesses, since most were started with state funds and continue to enjoy government backing.

Although the new set of measures being drafted by the state commission will give the chosen enterprises more freedom, they will still remain under state control — a stance likely to have been hardened by events in the Soviet Union. — *Far Eastern Economic Review.*

South Korea's Dooyang Corp has big plans.

VENEZUELAN VENTURE

South Korea's tiny Dooyang Corp appears to have little going for it but big dreams and lots of nerve. With domestic revenue of only about $20 million (Rs 52 crore), the metals manufacturer is dwarfed by the country's corporate behemoths. But after winning approval from the Venezuelan government in July to build a huge joint-venture aluminium smelter, Dooyang has shown there is still room for risk-taking in the country's rigid business sector. "We have a saying in South Korea that small peppers are hotter," says Alex Song, president of Dooyang America and project executive at its Venezuelan joint venture, Orinoco Aluminium.

The joint venture will be located near Ciudad Guyana, not far from the Orinoco river in the north-eastern part of the country. The Venezuelan government awarded the contract to Dooyang after two years of lobbying by the company's US-educated chairman Kim Duck Young.

The $1 billion project, which is expected to begin production in 1994, will be one of the largest



overseas investments by a South Korean company and by far the largest in Latin America. Dooyang's 35% stake in the joint venture is expected to cost about $140 million. The money will apparently come from Kim's family, which has extensive real-estate holdings in South Korea.

Other investors are Kaiser Aluminium of the US, which will have a 20% shareholding, and Venezuelan state-owned Guyanan Development Corp, which will have a 15% stake. Another South Korean company is expected to be announced soon as a 30% shareholder.

Dooyang has hired experienced executives and international companies to help it win and finance the Venezuelan project

Dooyang was founded in 1985 by the 43-year-old Kim, who had been vice-chairman of the Kukje group, and other Kukje executives. Earlier that year, the government brought down Kukje, then South Korea's sixth-largest conglomerate, and dismembered it in a cause celebre of former president Chun Doo Hwan's administration. Critics say Chun was trying to teach a lesson to the corporate sector by punishing Kukje chairman Yang Chung Mo, who had been reluctant to make donations to the ruling party and corrupt organisations controlled by Chun's younger brother.

The fledgling Dooyang now has a clutch of small businesses involved in making wire rope and other metal products, as well as construction and property development. It also has three joint ventures in Indonesia. The largest Indonesian operation is a footwear company established with the Astra group that exports about $30 million of shoes a year. Privately owned Dooyang does not disclose consolidated earning figures.

Hiring experts. Dooyang has hired experienced executives and international companies to help it win and finance the Venezuelan project. Song, a Kukje board member who was overseeing a smelting project in Australia for the group at the time of its collapse, has hired executives from the US aluminium industry. US consultant Arthur D. Little carried out prefeasibility studies for the company at a cost of more than $1.2 million, while US investment banker Goldman Sachs is in charge of arranging the financing.

With equipment accounting for about 60% of the joint venture's total costs, supplier credits and subsidised export financing will help make financing feasible. Song also says the company expects to carry out debt-for-equity swaps to raise funds. The joint venture's financing is scheduled to be in place by March 1992.

Orinoco Aluminium plans to export 60-70% of its output to South Korea and Japan, with the balance to be sold in Latin America and the US. The joint venture is particularly eyeing the South Korean domestic market, which has a demand of about 4 lakh tonnes, because it does not have any domestic suppliers.

Construction work on Orinoco Aluminium's smelter operations is scheduled to start in April 1992. The full capacity of 2.39 lakh tonnes is expected to be reached in 1995.

Cheap electricity makes the Venezuelan site attractive since aluminium is an electricity-intensive industry. The South Korean energy ministry says the cost of refining one tonne of aluminium is $794 in Venezuela, compared with $838 in Australia, $860 in Canada and $926 in Brazil.

But with world interest rates currently at high levels, Orinoco Aluminium will have to find a way to cut costs to avoid being heavily disadvantaged even before it begins production. Dooyang is planning for the joint venture to be among the lowest 5% of aluminium producers in the world in terms of operating costs.

Song says the joint venture's success will depend upon the building of a low-cost operation that is able to ride out the ups and downs of the market. Aluminium prices have been low for much of the past decade. — *Far Eastern Economic Review.*

NEWS BRIEFS

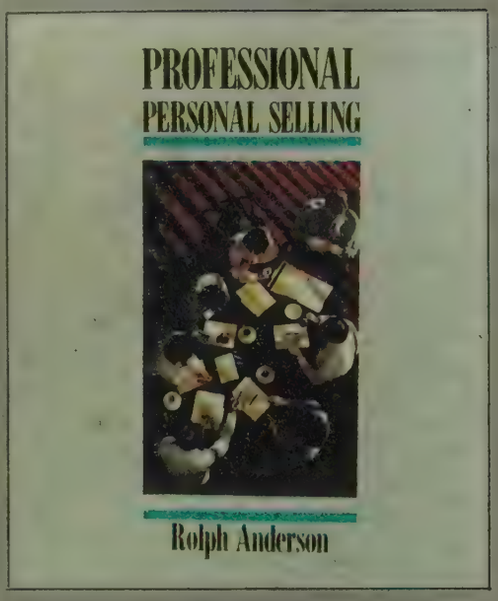
■ Cigarette sales are quite a drag in cowboy-country. And in its bid to filter into new lands, **Philip Morris,** the US cigarette-maker (the largest buyer of Turkish tobacco), has won governmental approval for a $480 million (Rs 1,229 crore) joint venture to produce its Marlboro brand in Turkey. **BAT Industries** of the UK and **R.J. Reynolds** of the US are also holding talks with the Turkish Investment Board and are expected to follow suit. Will it prove a Turkish delight or a cold turkey?

■ The British sports shoe-maker, **Pentland Group**, is stepping up its shareholding in Germany's sportswear concern **Adidas**. According to Adidas chief executive Rene Jaggi, Pentland has exercised its option to buy a further 5% of Adidas; the group had paid £46 million (Rs 199 crore) for its initial 20.05% stake in the German company in August. Pentland raised around $396 million earlier this year by selling part of its holding in Reebok.

■ In a bid to match Japanese competitiveness, **Peugeot**, the French car-maker which also includes Citroen, is to merge the design and technical planning departments of its two marques. The change, to achieve economies of scale, will, however, keep intact the separate marketing identities of Peugeot and Citroen cars.

■ **GEC Marconi**, the defence side of the General Electric Co, is reorganising its naval business. This is a bid to break into export markets and secure British warship contracts. It is setting up a new company — **GEC Naval Systems** — to manage projects and bring together naval activities with a turnover of almost £1 billion a year — that's a third of GEC-Marconi's total sales.

A SALESMAN'S COMPANION



(Prentice Hall Inc; pp 616; price not stated.)

Most universities do not have personal selling as a subject in management degree programmes; they dismiss it with one or two lectures. However, a few universities in the US give personal selling the treatment it deserves — as a full-fledged and separate subject — and prepare students adequately for a life-long career in personal selling; or a successful tenure in selling as an entry point, before moving into sales management or product management. Drexel University in Philadelphia is one of the pioneers in this area. And, perhaps, it is only appropriate that one of the best and most 'complete' textbooks on personal selling should be written by the head of the marketing department of the department of business management at Drexel University — Rolph Anderson.

In the past, serious students of selling have had to do with 'experience-based' books to provide them with guidance on the job. There are the books by Alfred Tack and Elmer Wheeler and Heinz Goldman. There are also innumerable selling-made-easy books, the latest in the long list being the *One Minute Sales Person*, a sequel and an after-thought to the *One Minute Manager* which sold its magic prescription by the million.

Professional Personal Selling is different. Its 616 pages, sandwiched between an attractive hard cover, encompass virtually everything worthwhile in this area. It covers the concept of 'professionalism' in selling; the ever controversial subject of whether salesmen are born or trained; the history and evolution of selling; and the career paths that are available through a selling career.

Expert buyers. Anderson scans the environment and relates the various aspects to professional selling — the areas of more expert buyers; rising customer expectations; advances in telecommunications and computer technology; microsegmentation of domestic markets; intense foreign competition; internationalisation of markets; and direct marketing alternatives like electronic shopping and automatic vending.

The book deals with ethical and legal considerations in personal selling — two very critical and important areas for salespersons. Again, they are dealt with in great depth, starting with an understanding of ethics per se and going on to discuss the ethical image of sales people; ethical concerns which cover customer relationships; treatment of competitors, of co-workers; salespersons' ethics vis a vis their company; employer ethics with their sales people; and social responsibility in selling.

There are four chapters that give a complete overview of marketing in all its aspects; and Anderson shows how the personal selling function is meshed in with each aspect. This gives a macro-vision of the job and brings in a systems engineering approach to this function which is often lost in the routine of making calls and booking orders.

Business etiquette. Anderson deals in depth with the usual areas of planning for a call; prospecting; getting attention; making the presentation; overcoming objections; closing the sale; following up; and providing customer service. He deals with negotiating skills, time and territory management and communication skills in considerable detail — even covering areas like business etiquette in different cultures and management of stress in the form of hassles, helplessness, hurriedness and burnout.

The book's format makes it particularly useful as a guide for all teachers of personal selling or sales managers who want to have an in-depth knowledge of the subject. There are photographs and boxes, titles and subtitles and, at the end of every chapter, a summary; chapter review; questions; topics for thought and class discussion; projects for personal growth; explanation of key terms; and one or two case studies.

Professional Personal Selling by Rolph Anderson will be a book difficult to improve on and is a must for those for whom the study of personal selling — theory and practice — is a serious pursuit.

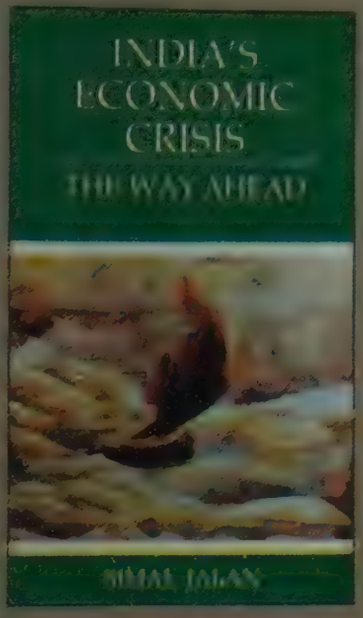
□ Walter E. Vieira

Vieira is a Bombay-based management consultant.

HANDLING THE ECONOMIC CRISIS

(Oxford University Press; Rs 250.)

For almost a year-and-a-half the economy has been amidst the thick of crisis. This crisis did not develop overnight, though many have been baffled by its speed. There is concern and curiosity about its causes and consequences. Will this crisis blow over or will the economy succumb under its pressure? Bimal Jalan, who has seen things from close range and listened to the heartbeats of the economy almost day by day, has finally put down his thoughts in his book *India's Economic Crisis — The Way Ahead*. The publication was not a day too late. The book traces the origin of the crisis in the policies and their administration in the post-Independence years. Economic factors are of immediate relevance; but the political context cannot be ignored.



What really went wrong? To put it simply, as Jalan does quite convincingly, government became more preoccupied with distribution rather than production, too many vested interests had developed in regulation and control, there was over-centralisation of decision-making and complete absence of a link between priorities and policies. All these led to excessive fiscal deficits resulting in an embarrassing balance of payments (BoP) gap which brought the country almost to the brink of default.

Upping savings rate. Jalan identifies three factors as directly relevant to better performance of the economy. These are savings, exports and literacy. Until 1967, the savings rate was rising pretty fast. It slowed down since and, in the eighties, became almost stationary. How can it be revived so as to be able to enhance growth that is so badly needed? The author recommends that the real rate of interest (that is nominal interest minus the rate of inflation) has to be positive. Fiscal incentives cut both ways and therefore cannot be very much relied upon. The more dependable source would be public savings which could be stepped up if government reduces subsidies (except food) and administrative expenditure, adopts tax reforms and stops the financing of public sector losses. All this should enable imposing a constitutional ceiling on revenue deficit which, after 1994-95, should turn into a surplus.

The more immediate cause for the crisis was possibly the omnipresence of government. It was fashionable in the fifties and sixties, but was discovered to be unworkable. In the eighties, most countries gave up regulation and even privatised public sector undertakings (PSUs). Jalan attributes the poor performance of the Indian economy to the quality of government intervention. This must have cost the economy quite heavily and kept the country out of the international market. Jalan admits that PSUs have failed in financial terms largely because government was not able to tackle the question of management. He recommends that they should be reorganised into five or six conglomerates while, at the same time, breaking up the monolithic and monopolistic enterprises into four or five units competing with each other.

It is the BoP which became the centre of attraction precisely because it was the eye of the storm. The problem arose, as Jalan points out, because of the dependence on the 'new money' from commercial sources which put India in the same position as the Latin American countries in the eighties. Domestic industry interests, indiscriminate import substitution and excessive fiscal deficit made it impossible to bridge the BoP gap. Imports could not be contained within limits prescribed by trade and aid. As a result, the debt-export ratio crossed 300% which put Indian among the heavily-indebted countries even though the debt-service ratio was not too high.

No hard choices. The trouble was that the country went in for soft options which led to an intolerable increase in subsidies, easy loans to PSUs whose losses also had to be financed from the budget. Naturally, government had to borrow excessively both from within and abroad. But Jalan refrains from prescribing hard choices, apparently because the legislature may not find these acceptable. That thought predominates and makes the 'way ahead' a little hazy.

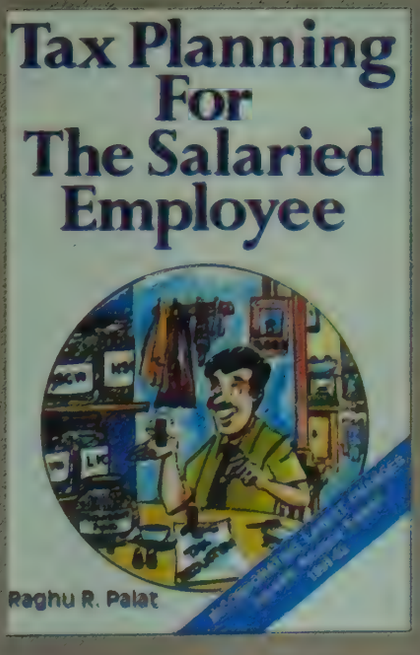
The book presents a very perceptible analysis of the present problems confronting the economy indicating, at the same time, the political compulsions which have limited the utility of policies. It provides the background against which the government took very drastic policy reforms in the past two months. Without any jargon and with simplicity of style the book lays bare the basic issues which should be of interest to legislators, businessmen, economists and the enlightened public.

□ D.H. Pai-Panandiker

Panandiker is the secretary-general of the Federation of Indian Chambers of Commerce & Industry.

FOR NEW TAX-PAYERS

(Jaico Publishing House, Bombay, 1991; pp 134; Rs 45.)



The trouble with having to write periodic updates is that one runs out of steam when there have been no developments worth mentioning. Raghu Palat's tax planner has been quite a hot item since it was first released in 1985. This year, however, in its seventh revised edition, it fails to throw further light on the subject.

Innocuous tinkering. That's not the author's fault. Finance minister Manmohan Singh, who has ushered in such sweeping changes in the economy, has singularly failed to do anything for the salaried taxpayer. There has been some innocuous tinkering — some sops for authors, architects, the handicapped and the like. But the man on the street has found little coming his way. And this leaves Palat and his tribe at rather a loose end.

That qualification apart, *Tax Planning for the Salaried Employee* is well worth adding to one's collection (that is, if the last edition is not already there). It is a lucid dissertation on how exactly the government applies its tax axe and the small ways one could cushion its impact. For the increasing numbers who are being sucked into the tax net, thanks to inflation, it is well worth a read.



THE DEVIDAYALS: *Right designs*

In early September well-known artist and painter Meera Devidayal lent her skills to a good cause in an unusual experiment.

"Richard and Sally Holkar, whose Rewa Society has reinvigorated and revived the ancient and highly-skilled art of textile weaving in Maheshwar, an ancient riverside town in Madhya Pradesh, asked me if I could provide some sketches or paintings to serve as a backdrop in their recent exhibition of Maheshwari sarees and textiles in Bombay. Since I have often been to Maheshwar and admire the work done by the Rewa Society, I readily agreed," recalls Devidayal.

Though the few sketches and paintings materialised into "a tall order" of 10 7x2 ft panel paintings of the artist's landscapes of Maheshwar which were less than optimally utilised at the exhibition, Devidayal believes she benefited from participating in this unusual exercise. "The tight deadline of this project prompted me to paint more spontaneously. Sometimes I tend to overwork my canvases. I think this exercise enabled me to learn a more open technique," says Devidayal who is happy with the learning experience.

And though Devidayal tends to dismiss the tall panels she painted for the Rewa Society as experimental, they sufficiently impressed the expert eye of Kekoo Gandhy of Bombay's Gallery Chemould who displayed them at a week-long exhibition which concluded recently. Which is hardly surprising because since she started painting seriously in 1975, Devidayal has acquired the reputation of one of the country's more thoughtful and thought-provoking artists.

An English literature graduate of Calcutta University (Loreto House), Devidayal took the matrimonial plunge straight after college. Four years and two daughters later, she studied fine art at Bombay's J.J. School for three years (1971-74) before dropping out. In 1975 she held her first exhibition on wayside Hindu shrines which received "an unexpectedly favourable response."

Since then Devidayal has displayed her work in 10 exhibitions in Bombay, Delhi and Baroda. "I am happy with the way in which Indian art is developing. It is refreshingly heterogeneous and exhibits great diversity and freedom. It is also less susceptible to commercial pressures than in the West," says Devidayal who is currently working on a new series of paintings on paper for her next exhibition scheduled for the turn of the year.

A cheerful extrovert, Devidayal lives on Bombay's upscale Altamount Road with her businessman husband Bhagwat and daughters Namita (22) — a politics graduate of Princeton University — and Gauri (10). Another daughter Rachna (20) is studying graphic design in the US.

All set to commence the construction of a unique nature cure and osteopathy hospital-cum-health farm is Krishna Kumar Modi (52), perhaps India's only qualified osteopath. The site of the 50-acre health farm, which envisages a swimming pool, mini-golf course, meditation hall, row houses and independent bungalows among other avant-garde facilities, is Karjat, 75 km from Bombay.

"The project is being promoted as a public charitable trust to which I have already contributed the land. We propose to raise the project cost amount of Rs 5 crore by selling 100 health cottages on the site on an ownership basis at Rs 5 lakh each. The purpose of the nature-cure health farm is to provide access to natural healing systems such as osteopathy, hydrotherapy, diet control and yoga and relaxation techniques to a growing number of people who are exhibiting resistance to conventional drugs and medicines," says Modi.

Nor is the health farm

THE MODI CLAN: *On the osteo-path*



management business entirely new to Modi. After his return to India as a trained osteopath in 1968, Modi helped manage the 100-bed Arogya Mandir Nature Cure Hospital in Gorakhpur (Uttar Pradesh) promoted by his father Vithaldas Modi in 1940.

A medical graduate of Lucknow University, who began his career as a conventional doctor in Delhi's Safdarjung Hospital, Modi was quick to appreciate the limitations of conventional medical therapy. In 1966 he enrolled with the London College of Osteopathy to learn the science of healing patients through the manipulation of bones, especially in the spine and joints. "The fast pace of present-day living resulting in mental tensions can produce certain muscle spasms of the body which can alter the bone structure and cause pain. For such ailments the drugless therapy of osteopathy is particularly apposite. Being a drugless therapy, it combines particularly well with other nature-cure systems," says Modi who also lets slip the startling fact that there is not a single institution for training osteopaths in India. Which is why the proposed health farm also has a facility for training osteopaths.

The author of two well-received books, *Cure through Osteopathy* (Rs 35 — which has run into three editions) and *Health Farming* (Rs 90), Modi lives in Bombay's upmarket Cuffe Parade with his wife Usha and supportive daughters Rachna (21) and Bhavna (19), both studying architecture.

In the stimulating sport of scientific pugilism, that is boxing, India has little to boast about. Once upon a time, way back in the forties and fifties, the country produced international-class professionals such as Pancho Bhattacharjea, Gunboat Jackson and Young Tali. Since then, with the spread of the soft-state, clerical culture which produces paunchy, greasy and venal clerks rather than competitive, well-rewarded professionals (apart from a few amateurs who have picked up a bronze medal or two in the Asian Games), Indian boxing has suffered a steep decline.

"It's sad but true that India has no world class boxers. This is because the sport has been progressively discouraged at the school and even university levels. In my opinion, amateur boxing, which was never an unsafe sport, is now safer than ever with headguards, gumshields and softer material gloves having become mandatory. Parents and schools should encourage this sport of scientific self-defence. Perhaps it could be argued that professional boxing is dangerous. But it is less dangerous than motor-racing, ice-hockey and sometimes cricket," says Kishen Narsi (53), a well-known individual in India's small fraternity of amateur boxing enthusiasts.

And unlike India's struggling boxers, Narsi has won international recognition — as a referee. Last month, the Amateur International Boxing Association selected him as one of the 35 referee-judges for the next Olympic Games scheduled to commence in Barcelona, Spain, next July. "I am delighted. It's an honour," says Narsi.

Not that this is the first time that Narsi has been called upon to adjudicate at the highest level. Since 1984, he has been an adjudicator in three Olympics, four Asian Games meets and two World Amateur Boxing Championships including the MRF World Cup Championship staged in Bombay last year.

But unlike the multiplying tribe of professional officials who tend to be innocent of the rudiments of the sports they officiate, Narsi's association with boxing began as a boxer. In the early sixties, Narsi was the light flyweight champion of Bombay University and represented Bombay at the All-India inter-varsity championship of 1961. "National excellence in sports requires playgrounds, good equipment and coaching at the school level on a mass scale. Unfortunately, there is an over-emphasis on scholaticism in Indian education. This is why we don't produce champions," says Narsi.



Perhaps the last of the great all-rounders who plays tennis, badminton, cricket, football, hockey and rugby with above-average facility, Narsi pays his bills by running a successful agro-chemicals export company, Nicosulf Industries.

Together with his charmingly gregarious wife Ruby and daughter Simone (19), Narsi lives on Bombay's Cumballa Hill. The Narsis' son Carl (22), who is reading at the Colarado State University, is in the varsity tennis squad and shows all signs of emerging as a chip of the old block.



THE NARSIS: *All-round abilities*

• *The author is the former editor of* Business India, BusinessWorld *and* Debonair.

BEST FOOT FORWARD

With Adidas, Lotto and Puma stepping up in style in the domestic footwear market can Reebok be far behind? According to the grapevine, the international big name has already got its foot in the Indian doorway. And partnering it in its foray will be Bullworker — belonging to the Manu Narang faction of the feud-stricken Bombay-based Narang group. Manu Narang's son Sanjay will be in charge of the new venture, all the formalities of which have been completed.



Besides Reebok, Bullworker has been working up a lot of sweat on other fronts too. Apart from expanding its existing fitness products range — diet drinks and fitness equipment — the company is fashioning plans to manufacture fitness apparel too. Bullworker is obviously flexing its muscles.

FRIENDS & PARTNERS

The Indian Chamber of Commerce annual general meeting at the Taj Bengal on 7 September provided ample evidence that the wheel has turned full circle in defining the industry-government relationship.

To start with, yuppie commerce minister P. Chidambaram did not bat an eyelid in calling yuppie industrialists Sanjiv Goenka and Dipak Khaitan his friends. Till just the other day, a politician publicly declaring his 'friendship' with industrialists was well nigh unthinkable.

And then, in his welcome address, Goenka categorically stated that business is no longer interested in presenting "another charter of demands" to government. At a chamber meet, such renunciation is a novelty.

Finally, Chidambaram gave his own back when he told the assembled captains of industry that his ministry has drawn up a 40-point action plan for industry to fulfil. In other words, in an environment shorn of licences, permits, appendices and lists, it is the government's turn now to expect that industry will deliver the goods, and not vice-versa.

From Chidambaram's point of view, government and industry must co-exist as friends and partners. So why don't we resurrect a recently-rendered-obsolete appellation and call them comrades?

PEERLESS PLANS

A pot-pourri of interesting mega-plans is brewing at cash-rich Peerless General Finance & Investment Co right now. Here's a peek into three of them.

Apparently, Peerless wants to enjoy the new-found freedom of the Indian skies by starting an airline. Tentative plans were being made to try and buy the four Boeing 737s which Indian Airlines is retiring soon. (Peerless is probably the only Indian company which can afford to buy these planes cash down.) Enter British Aerospace (BAe) — whose representatives have made presentations to Peerless top brass to persuade them to opt for new BAe aircraft instead.

Two other proposals involving big bucks are on the drawing board. One involves the setting up of a joint sector mutual fund with Peerless' long-time banker United Bank of India. Should this fructify, Peerless would emerge as an even stronger player in the stocks and securities markets.

The other involves a massive property development scheme on the outskirts of Delhi, reportedly with Birla collaboration. Virtually, a new mini-town is being sought to be created in this Rs 350 crore project.

Clearly, Peerless is a case of owner's pride, could-be-owner's envy. And who can blame the latter?



PEERLESS GHQ: *Brewing big plans*

UNEVEN BALANCE

How serious is the 'rivalry' between the Federation of Indian Chambers of Commerce & Industry (Ficci) and the Associated Chambers of Commerce & Industry (Assocham)? Or, is there any rivalry at all?

A clue can be found from the fact that recently the Ficci secretariat actually went through the hard labour of counting and comparing the number of news items carried by 18 leading national dailies over the past one year covering the goings on in the two apex chambers. The purpose: to confidentially assess the respective media profiles.

The winner — you've guessed it right — is Ficci hands down. It scores 1,906 to Assocham's relatively-modest 1,125.

In fact, Ficci led Assocham in each of the 18 newspapers tallied. Its lead was narrowest with *The Times of India* (87:76) and widest with *Hindustan Times* (167:86). An interesting sidelight is that in Calcutta, *The Statesman* actually covered Ficci more frequently (146 times) than *Business Standard* (143).

Federation House is obviously delighted with these figures. But industrialists who are affiliated to both Ficci and Assocham are not amused at this uneven balance.



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9-22 OCTOBER 1991,
AN ANANDA BAZAR
PUBLICATION RS 10

JAIPUR'S NEW ISSUE SCAMS

BusinessWorld

THE MAGAZINE FOR INDIAN BUSINESS

DOCUMENTATION



TATA UNISYS: NEW MANDATE

INTERVIEW: SHASHI ULLAL

In the ding-dong battle between Bombay Dyeing's Nusli Wadia and Reliance Industries' Dhirubhai Ambani, the former seems to have the edge currently. Besides, all the companies in his stable are doing exceedingly well.

ADVANTAGE WADIA



Ironically, Naaz Rovshen leaves one Gateway, only to be welcomed to Swissair's European Gateway. Zurich, of course, Naaz's gateway to business in Europe. And if work demands a stopover at Delhi, before continuing to Zurich, Naaz has the advantage of the convenient Delhi-Zurich non-stop flight. From where Swissair flies to more than fifty destinations. Nine in Germany, six in France, six in Italy and three in the U.K. being the prominent destinations. With these Swissair features, you also enjoy Swiss hospitality and punctuality. All of which will have you agreeing with Naaz that Swissair's European Gateway, brings that same feeling of warmth as experienced upon sighting the Gateway of India.

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OCT 1991
T. M. I., MYSORE

BusinessWorld

the magazine for Indian business

VOLUME 11 ISSUE 14
9-22 OCTOBER 1991 RS 10

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25-28 Atlanta, 209 Ceremonial Boulevard
Nariman Point, Bombay 400 021
Phone: 233193
Circulation/Subscription enquiries
81 Modi Street, 2nd floor,
Fort, Bombay 400 001
Phone: 2610268
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Wheatsheaf House, Carmelite Street
Fleet Street, London EC4
Phone: 01-353-1821
Inland Subscription Rates
One Year: Rs 168
Two Years: Rs 336
Three Years: Rs 504

BusinessWorld does not accept responsibility for returning unsolicited manuscripts and photographs.

Printed at Tata Press Ltd, 414, Veer Savarkar Marg, Bombay-400 025 and published from 145 Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400021, by Ranen Chakravarti on behalf of Ananda Bazar Patrika Ltd.

BUSINESS QUOTES



He was a sterling of a boy. He used to pick up my shoes in front of everybody.

Bharatiya Janata Party vice-president Vijaya Raje Scindia on the good relationship she once had with her son Madhavrao Scindia, quoted in India Today.

They (the Ambanis) are magnanimous. Their stock with the government should rise.

Life Insurance Corp chairman M.G. Diwan on the withdrawal of the resolution seeking Dhirubhai Ambani's reinstatement as chairman of Larsen & Toubro, quoted in Business Standard.

If someone else thought Assam Co was worth more than what we assessed, I certainly have no regrets.

Non-resident Indian industrialist Srichand Hinduja on Assam Co slipping out of his hands, quoted in The Economic Times.

If you believe that you are an exception to the developments in the world, if this blessed country can survive with its tariff system and quota regime, then you are sadly mistaken.

Union finance minister Manmohan Singh, quoted in The Telegraph.

The days of 50-60% marketshare are over and in the next two or three years even the exceptions with 70% and 80% shares will have to yield place in the market.

Madison chief executive Sam Balsara, quoted in Indian Express.

I would be a hypocrite if I didn't say that Calcutta's housekeeping and infrastructure have to improve drastically if it has to retain its credibility as an industrial centre.

Indian Chamber of Commerce president Dipak Khaitan, quoted in Business Standard.

...one can think of Bhel (Bharat Heavy Electricals Ltd), Maruti or HMT but who will invest in shares of Cycle Corp of India...

Union minister of state for industry P.K. Thungon, quoted in Financial Express.

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SPECIAL REPORT

STAG PARTY

Jaipur is the city which has bred the largest number of stags — basically operators in new issues. And a whole lot of racketeers are doing big business.

InvestmentWorld

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VIEWPOINT

"RACING IS BOOMING"

Trainer and horse-owner Bezan Chenoy agrees that one can make money by investing in race horses.



CHENOY: *Horses are profitable*

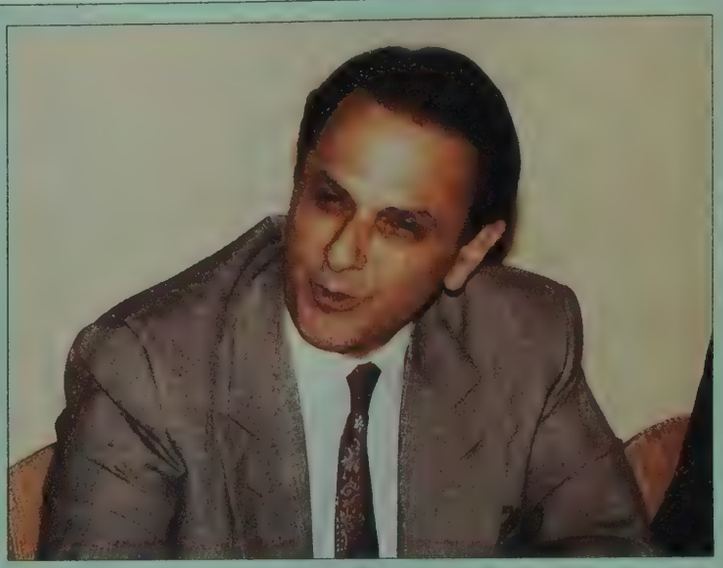
But it is an avenue open only to the very rich.

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MARKETING

THE SERVICES HARDSELL

Services, long accorded stepsister status by marketing professionals in India, are beginning to come into their own.



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BUSINESS FEATURE

ADVANTAGE WADIA

Bombay Dyeing chairman Nusli Wadia is in an upbeat mood these days. His companies are in fine fettle. What's more, he is currently one up in the battle with his archrival Dhirubhai Ambani.

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ECONOMIC COMMENT

OF DOOM & BOOM

Futurologists' predictions despite, traditional areas like steel, cars and petrochem among others, are still going to be around come the next century.

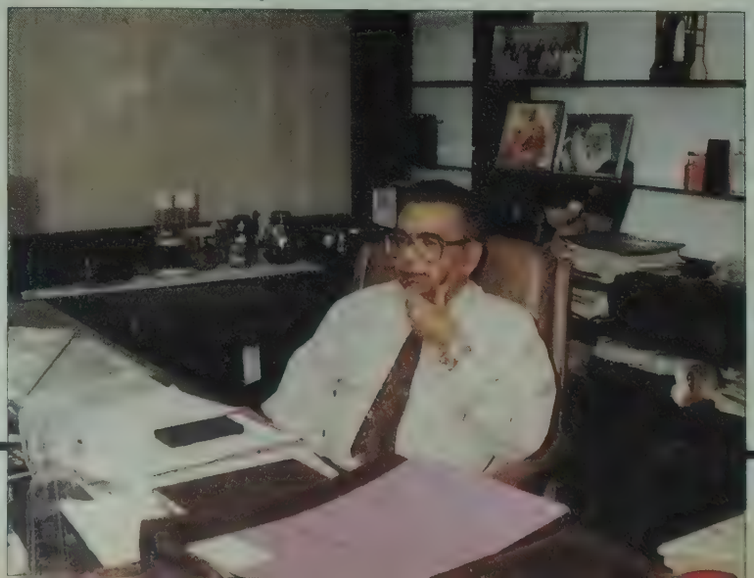
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PERSONALITY

PAINT PATRIARCH

Chandrakant Balchandra Garware may be "a little colour-blind." But he's also the chairman of Garware Paints and "probably the only chairman in the industry who can make dye with his own hands."

GARWARE: *Dyehard doyen*



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IN THE NEWS

TWO'S COMPANY?

The Tata Oil Mills Co (Tomco) has picked up the sick Gloria Chemicals & Industries, a solvent extraction and laundry soap-maker. The entire package cost: Rs 22 crore.



GUPTA: *Turnaround time*

Gloria chairman Salil Gupta is confident of a quick turnaround.

Other In the News items from page 78.

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COMPANY NEWS

THE AROMA OF SUCCESS

A blend of family and professional management and a commitment to quality have helped N. Ranga Rao & Sons emerge as the single-largest producer of agarbathis both by value and volume. However, thanks to spiralling production costs and raw material shortages, the growth rate has been dampened.

sWorld



JIL'S CEMENT UNIT: *Making big bucks*

42

JIL'S MEGA-DREAMS

Jaiprakash Industries Ltd (JIL) has added bounce to its bottomline because of its cement operations. It is now planning a power-sector foray.

45

HICO'S COMEBACK BID

Hico Products has been through a lot of crises these past few years. Managing director S.D. Dhamankar is, however,



DHAMANKAR: *No more hiccups?*

sure that the company is out of the woods.

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A&M/SPECIAL REPORTS

THE MELA MELANGE

The tourism ministry is trying to use festivals as an attraction to woo foreign visitors to India. But it does not seem to be working.

29

MASALA MEDLEY

Various big names are getting into the branded masala business. The market is dominated by the unbranded variety. So



it is both an opportunity and a tough road ahead.

84

ECONOMY & BUSINESS

DEFLATED FORTUNES?

Almost all the big boys in the Indian tyre industry have been going on expansion binges. This has led to a situation of supply outstripping demand. Can the industry steer clear of trouble?

A TYRE PLANT: *Uncertain future*



InformationWorld

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CORPORATE PROFILE

TUL: A NEW MANDATE

Tata Unisys Ltd (TUL) managing director Ramesh Aroskar is drawing up plans to get his company back into the fast lane.



AROSKAR: *Stepping up the pace*

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FIRST PERSON

"WE ARE NIMBLE-FOOTED"



ULLAL: *Aiming for the second slot*

So says Mody Olivetti director (operations) Shashi Ullal. He foresees his company taking the No 2 position after IBM in India in the future.

TO OUR READERS

Due to the puja holidays in Calcutta, there will be no BusinessWorld issue *dated 23 October -5 November.*

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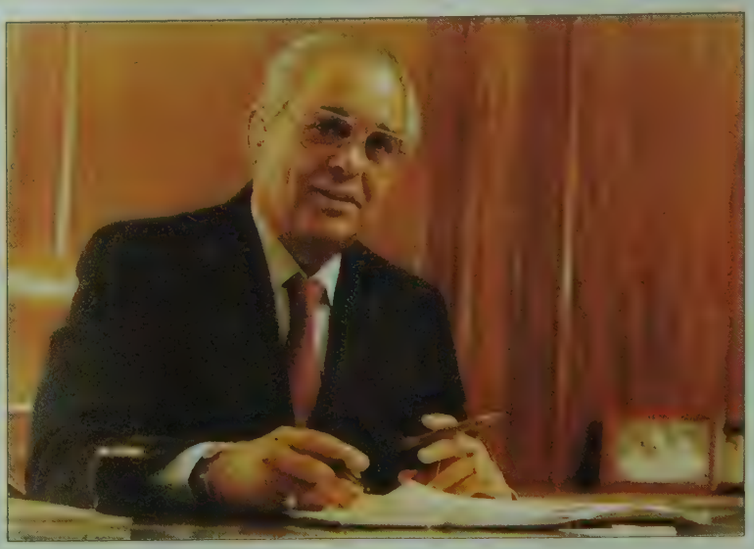
BOOKS & THE ARTS ▪ PAGE 138

OFFSTAGE ▪ PAGE 144

Cover pix: Dhanesh Thakker

Awards are nothing new for Escorts chairman H.P. Nanda. But one he will always treasure is the Legion of France which has been bestowed upon him this month. Says Nanda: "I have had a long and rich experience with the French."

Nanda was one of the co-promoters of the Indo-French Chamber of Commerce way back in 1975. Besides, Escorts has been trying to flag off various ventures with French collaboration — with limited success. The joint venture with Citroen to make small cars, for instance, never got moving. "I put my best foot forward," says Nanda. "But the project was guillotined." Currently he is trying to get the French government to shell out part of the cost of setting up another Indian Institute of Technology.



NANDA: *A French connection*

Back home, Nanda is now busy penning his autobiography. It will cover his early days as an entrepreneur in Pakistan, his life as a refugee in India soon after partition and the mammoth efforts he put in to build up the Escorts empire. A good chunk of the book will be devoted to the "untold story" of his fight against Swraj Paul. That should be of interest particularly with Paul planning an Indian comeback.

Senior industrialist and vice-president of the Germany-based International Chamber of Commerce Hari Shankar Singhania is a whale on consensus in solving India's current economic problems. According to him, political consensus on minimum economic reforms is absolutely necessary.

Explains Singhania of the tasks before the country: "Our job is to ensure that the transition is less painful. When you have high fever, you have to take pills for the temperature to come down."

But while Singhania is laying down the law for politicians, can he ensure that industry's house is in order — is there a consensus amid business barons? As recent events have shown, the answer is no, not really. Admits Singhania: "Consensus amongst industry is there when it suits us." Thinking alike is obviously not industry's long suit.

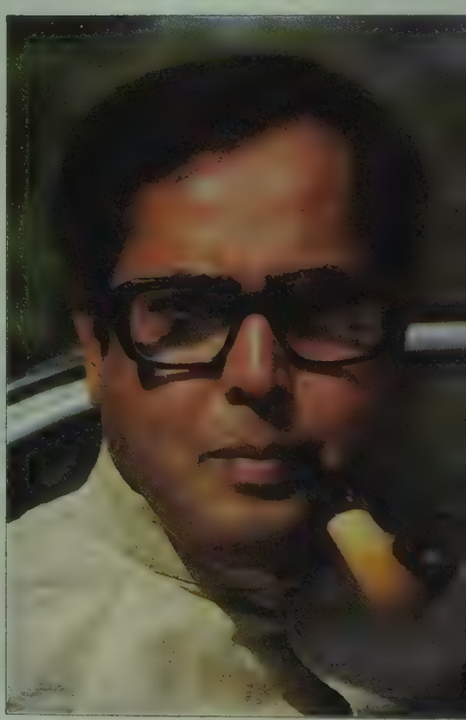
SINGHANIA: *Two-faced on consensus?*



A leopard cannot change its spots. Dyed-in-the-wool politician Pranab Mukherjee, currently serving time as deputy chairman of the planning commission, is much more at home in politics than in his newfound job.

At a recent pow-wow with the press in New Delhi, soon after the first full meeting of the commission, Mukherjee seemed to be back in his erstwhile role of spokesman of the Congress(I). The planner's garb was shed in quick time and the conversation veered to politics and party matters.

"Even if it is politically a drought year for the Congress with only 226 members in Parliament," expounded Mukherjee, "the government has done well in pushing through the new policies." According to him, the party has been given "a mandate with a warning." With the planning commission supposed to be strictly apolitical, will the party now give Mukherjee a warning for exceeding his mandate?



MUKHERJEE: *Exceeding his mandate?*

THE CEMENTING FORCE



The season of mists and mellow fruitfulness is nigh, bringing with it once again festive tidings.

Yet, it is a sad thought that in many parts of the country, the public mood will be hardly one of gaiety. The law and order situation stands grievously disturbed in at least three states of the Union, namely Punjab, Jammu & Kashmir and Assam. Paramilitary or military forces are in effective control over substantial chunks of domestic territory: an unhappy circumstance forced by an even unhappier growth of terrorism.

Clearly, a permanent solution must be found — and within the concept of India as a union of states. Fortunately for future generations, our founding fathers gave the nation a remarkably resilient constitution, whose principal strength is its catholicity of vision and broadness of outlook. Even within our existing constitutional framework, individual states can enjoy a great deal of autonomy. It is a myth that political power must necessarily be centralised in New Delhi; a culture of one-person rule, rather than any constitutional imperatives, has created New Delhi's current artificial over-importance.

The precious feature of our constitution is that it can accommodate unions of many hues: including one in which the states are individually autonomous while the Centre acts as the cementing force implementing fair and equitable fiscal, infrastructural, communication, energy and defence policies. Come to think of it, chief ministers are *de facto* heads of states who can — and do — travel abroad to further the economic interests of their respective states.

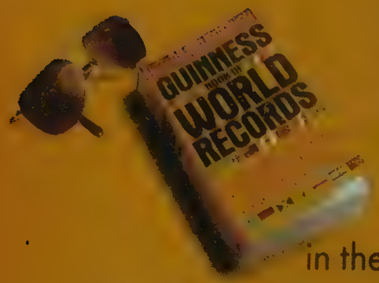
The basic point is this: although political aspirations might vary from region to region, India represents one economic community. Our best hope for salvation, therefore, lies in playing down political differences and playing up commonalities of economic interest. After all, only sheer self-interest has created a united Europe out of countries which were at war a generation ago and which still keep their respective flags, presidents and monarchs. Similarly, while politics has brought one Soviet Union down, economics is likely to hold another union up. And to reshape India as a new economic union, one need look only as far as our own constitution.

On this introspective note, and with season's greetings to all our readers, *BusinessWorld* takes a fortnight's break for the festive period.

To reshape India as a new economic union, one need look only as far as our own constitution

TO GET INTO THE GUIN

YOU HAVE TO G



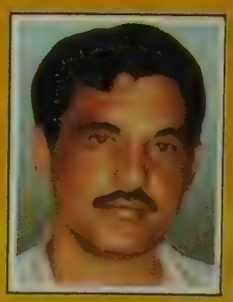
Udaipur, 19 June 1991:

At precisely 10.12 a.m. two young Indians, Rajendra Singh and Lal Singh, finally completed an amazing feat which has won them a place in the Guinness Book of Records.

In their Tempo Trax, they set the World Record for the "Longest Fuel Range" – driving 2,605 km non-stop, without re-fuelling (and breaking, in the process, the earlier record that had been set by an Australian team in a Toyota Landcruiser in 19

In order to set this new record, the two bro literally had to make a journey through hell. D across the blazing deserts of Rajasthan at the height of summer. And battling against obsta like eye-splitting sandstorms, temperatures hit 45°C, and torturous roads that were covered anything upto 6ft of shifting, treacherous sand

It was the ultimate test of man machine pitted against a hostile environment... and triumphing over it, spectacularly.



Rajendra Singh



Lal Singh

"Frankly, to take on a challenge like this, there was only one vehicle we would trust: the Tempo Trax."



TIEUPS ON OFFER

British company Precision Systems has developed a range of control systems for high-precision welding systems. These systems make extensive use of new technology to ensure the consistency of welding operations essential in aerospace and other precision-engineering industries.

A range of arc-length controls for TIG (tungsten inert gas) welding interfaces with most TIG power sources and features gap adjustment for uneven surfaces and compensation for electrode wear. The controls provide consistent, repeatable high-quality welds. When used with Precision Systems' own power surfaces, a single control automatically lowers the torch, sets the arc gap, switches in arc-voltage control and initiates the weld sequence.

The manufacturer's range of pulsed power sources for TIG welding ensures excellent stability despite mains input current variations as much as 10%.

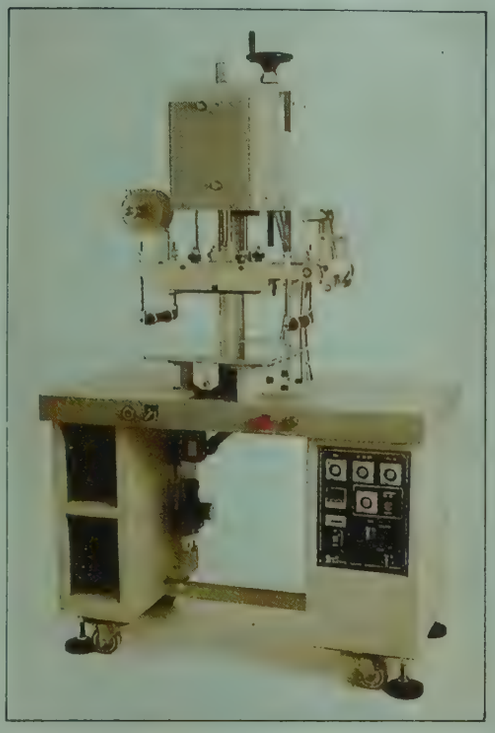
Contact: Simon Standley, Precision Systems, Harding Way, Somersham Road, St Ives, Cambridgeshire PE17 4WR UK. Tel: 44 460 67101. Telex: 32882. Fax: 44 480 494462.

US firm Myron L Co has come up with a device that accurately tests for pH and conductivity in a wide range of applications including boilers, cooling towers and reverse osmosis processes.

Designed for simple, reliable operation with a built-in electrode, it features four conductivity ranges and a 2-12 pH range, shock-resistant readout, replaceable pH sensor, and chip- and crack-resistant cell cup. Its stable circuitry does not require frequent adjustment.

Contact: John J. Berg (marketing manager), Myron L Co, Dept CN, 6115 Corte Del Cedro, Carlsbad, California 92009, US. Tel: 619-438-2021. Telex: 69-5009. Fax: 619-931-9189.

Singapore-based Swift Silicone manufactures a whole range of hot stamping machines that could be of interest to Indian



entrepreneurs. Standard features of the air-operated hot stamping machines include motorised foil feed and fully automatic controls to recycle the machine at pre-set intervals for hands-free operation. The model 08T is an economical machine with sturdy construction for high-pressure and precision stampings. The electrical controls and power slide table make it the perfect machine for hot stamping small areas like business cards, cosmetic boxes, plastic bottles, advertising gifts and letterheads.

Contact: A.R. Shanbhag, Singapore Trade Development Board (Enquiry No STN 91/4-07), 88A Jolly Maker Chambers II, Nariman Point, Bombay 400 021. Tel: 2040732. Telex: 11-86165. Fax: 2045051.

Office waste, stacked newspapers and heaped packing material attain volumes that lead to high transport and disposal costs. When no longer needed, many records end up in the waste-paper basket, causing problems if confidential information leaks out.

Austrian company Pottinger has developed a new comprehensive document-destruction and waste-disposal technique which can tackle these problems. Indian firms could approach this company for knowhow.

Contact: Alois Pottinger Maschinenfabrik GesmbH, A 4710 Grieskirchen, Austria. Tel: 07248-3231-0. Fax: 07248-3231295.

US company Hartford Steam Boiler Inspection Technologies has introduced the Partial Discharge Detector Model PDD-1000 which tests high-voltage transformers quickly without requiring circuit or equipment outages.

According to the company, its technology has been proved in extensive tests during application development sponsored by the Electric Power Research Institute. This battery-powered instrument, which is easy to operate in the field, features a carrying case, a self-test for field calibration and a simple liquid crystal display (LCD). The company is seeking agents for this product.

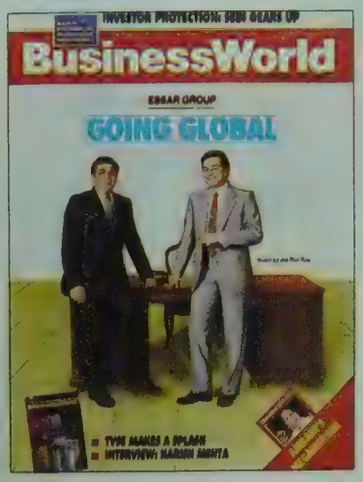
Contact: Matthew C. Kingdon (director, marketing & sales), Hartford Steam Boiler Inspection Technologies, Dept CN, 1600 Tribute Road, Sacramento, California 95815, US. Tel: 916-927-3861. Fax: 916-927-1308.

Making a bend in thick-walled piping can create numerous problems. Conventional methods call for a weld at this point, with time- and money-consuming processes such as chamfering and filling.

British firm Huntingdon Fusion Techniques has developed a method using a new induction bending system which dispenses with the need for welding. The technique has been engineered to provide high-quality wrinkle-free bends in the heavy wall materials commonly used in the power station, turbine, refinery, ship-building, compressor and general fabrication industries. The equipment suits most carbon and alloyed steels ranging from 34 mm to 114 mm in diameter.

Contact: Huntingdon Fusion Techniques, Stonehill, Stukeley Meadows Industrial Estate, Huntingdon, Cambridgeshire PE18 6ED, UK. Tel: 44 480 412432. Fax: 44 480 412841.

LETTERS TO THE EDITOR



TIMELY FEATURE

This refers to the Business Feature 'Essar group: going global' (*BW* 28 August-10 September 1991). I must say the article was timely, considering that Essar is a group that has come up the hard way. From being nobodies, the Ruia brothers have come to epitomise the essence of entrepreneurship. And today, with their shipping, sponge iron and oil-drilling acts falling into place, I predict this is a group to watch in future.

Doug D'souza
Bandra

UNFAIR ACCUSATION

The Editorial 'Blackmail bid' (*BW* 28 August-10 September), which states that bank employees are slovenly workers despite being extremely well-paid, overlooks the fact that it is this very pay-scale which ensures that these employees do not give in to the temptation of accepting bribes.

Do not forget that bank employees deal directly with money; their high pay ensures that few frauds are committed. The corruption rampant in other public sector services is due to low pay-scales. Why point an accusing finger only at bank personnel when other public sector employees are sailing in the same boat?

Preeti Deshpande
Syndicate Bank
Baroda

DISQUIETING OBSTACLES

Navinchandra Dalal's advice to the small investor in Viewpoint 'Go for new issues' (*BW* 28 August-10 September) is very timely. Now that the share market is booming, this is the time to invest in public issues.

However, there are a number of disquieting obstacles in subscribing to public issues. Some of them are: the remote chance of allotment in good issues; the delay in refunds; and delay/default in the payment of interest on debentures. Despite the fact that companies profit by raising funds through debentures, the debenture-holder does not get fair treatment. This tends to erode investor confidence.

In this context, the views of Securities & Exchange Board of India (Sebi) chairman G.V. Ramakrishna, carried in the Spotlight piece 'Sebi gears up' in the same issue, are quite relevant. Of particular interest are the ones on insider trading and misleading unaudited half-yearly results. Investors hope and wish Sebi gets more teeth to tackle such issues, thereby giving more protection to investors.

S. Sundara Rao
Madras

RAMAKRISHNA: *Vital role*



WRONG MESSAGE

The Management feature 'Corruption on the quiet' (*BW* 28 August-10 September) gives a wrong message to corrupt executives on hiding their wrongdoings. I do not appreciate an eminent management expert like Sharu Rangnekar advocating the cause of corrupt executives and telling them how to hide their corrupt practices.

Nand Kishore
Modinagar

IMPRACTICAL TIPS

This refers to the Management feature 'Corruption on the quiet. While Rangnekar's views on direct/indirect monetary benefits and jobs for kith and kin are acceptable, some of his tips for corrupt executives are impractical.

K. Sankarlingam
Ahmedabad

AMAZING!

This refers to the Management piece 'Corruption on the quiet.' I am amazed to find that a respected magazine like yours, which has often been advocating ethics in business, is advising how corrupt executives can get away with graft. True, corruption is part of our corporate culture, but it is one of the things that must be publicly denounced.

Sandeep Batra
Meerut

SUCCESS RECIPE?

Thank you for the article 'Corruption on the quiet.' Its purpose is two-fold.

- It's a tribute to the great teacher S. Radhakrishnan from another teacher.
- It is very relevant and topical in today's socio-political scenario.

Do keep it up. Such articles will definitely help sell your magazine. Seeing the number of crooks we have in this country, your magazine will be a roaring success.

Mary Grisel Parayacattil
Ahmedabad

ASTONISHING!

I am astounded that a magazine of your repute should publish an article such as 'Corruption on the quiet.' Equally amazing, perhaps, is that a management consultant of Rangnekar's repute should have penned it. Has the moral fibre of our country reached such depths that a reputed management consultant and business magazine should try to educate business executives on how to be corrupt and get away with it?

M. Thomas
Hyderabad

We have received a large number of letters on Sharu Rangnekar's article 'Corruption on the quiet.' Most of them were critical. Constraints of space, however, prevent us from publishing all the letters. — Editor.

TIEUPS ON OFFER

British company Precision Systems has developed a range of control systems for high-precision welding systems. These systems make extensive use of new technology to ensure the consistency of welding operations essential in aerospace and other precision-engineering industries.

A range of arc-length controls for TIG (tungsten inert gas) welding interfaces with most TIG power sources and features gap adjustment for uneven surfaces and compensation for electrode wear. The controls provide consistent, repeatable high-quality welds. When used with Precision Systems' own power surfaces, a single control automatically lowers the torch, sets the arc gap, switches in arc-voltage control and initiates the weld sequence.

The manufacturer's range of pulsed power sources for TIG welding ensures excellent stability despite mains input current variations as much as 10%.

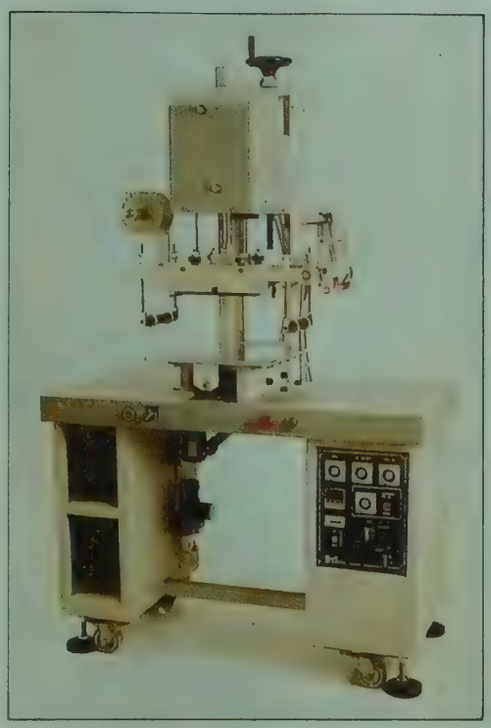
Contact: Simon Standley, Precision Systems, Harding Way, Somersham Road, St Ives, Cambridgeshire PE17 4WR UK. Tel: 44 460 67101. Telex: 32882. Fax: 44 480 494462.

US firm Myron L Co has come up with a device that accurately tests for pH and conductivity in a wide range of applications including boilers, cooling towers and reverse osmosis processes.

Designed for simple, reliable operation with a built-in electrode, it features four conductivity ranges and a 2-12 pH range, shock-resistant readout, replaceable pH sensor, and chip- and crack-resistant cell cup. Its stable circuitry does not require frequent adjustment.

Contact: John J. Berg (marketing manager), Myron L Co, Dept CN, 6115 Corte Del Cedro, Carlsbad, California 92009, US. Tel: 619-438-2021. Telex: 69-5009. Fax: 619-931-9189.

Singapore-based Swift Silicone manufactures a whole range of hot stamping machines that could be of interest to Indian



entrepreneurs. Standard features of the air-operated hot stamping machines include motorised foil feed and fully automatic controls to recycle the machine at pre-set intervals for hands-free operation. The model 08T is an economical machine with sturdy construction for high-pressure and precision stampings. The electrical controls and power slide table make it the perfect machine for hot stamping small areas like business cards, cosmetic boxes, plastic bottles, advertising gifts and letterheads.

Contact: A.R. Shanbhag, Singapore Trade Development Board (Enquiry No STN 91/4-07), 88A Jolly Maker Chambers II, Nariman Point, Bombay 400 021. Tel: 2040732. Telex: 11-86165. Fax: 2045051.

Office waste, stacked newspapers and heaped packing material attain volumes that lead to high transport and disposal costs. When no longer needed, many records end up in the waste-paper basket, causing problems if confidential information leaks out.

Austrian company Pottinger has developed a new comprehensive document-destruction and waste-disposal technique which can tackle these problems. Indian firms could approach this company for knowhow.

Contact: Alois Pottinger Maschinenfabrik GesmbH, A 4710 Grieskirchen, Austria. Tel: 07248-3231-0. Fax: 07248-3231295.

US company Hartford Steam Boiler Inspection Technologies has introduced the Partial Discharge Detector Model PDD-1000 which tests high-voltage transformers quickly without requiring circuit or equipment outages.

According to the company, its technology has been proved in extensive tests during application development sponsored by the Electric Power Research Institute. This battery-powered instrument, which is easy to operate in the field, features a carrying case, a self-test for field calibration and a simple liquid crystal display (LCD). The company is seeking agents for this product.

Contact: Matthew C. Kingdon (director, marketing & sales), Hartford Steam Boiler Inspection Technologies, Dept CN, 1600 Tribute Road, Sacramento, California 95815, US. Tel: 916-927-3861. Fax: 916-927-1308.

Making a bend in thick-walled piping can create numerous problems. Conventional methods call for a weld at this point, with time- and money-consuming processes such as chamfering and filling.

British firm Huntingdon Fusion Techniques has developed a method using a new induction bending system which dispenses with the need for welding. The technique has been engineered to provide high-quality wrinkle-free bends in the heavy wall materials commonly used in the power station, turbine, refinery, ship-building, compressor and general fabrication industries. The equipment suits most carbon and alloyed steels ranging from 34 mm to 114 mm in diameter.

Contact: Huntingdon Fusion Techniques, Stonehill, Stukeley Meadows Industrial Estate, Huntingdon, Cambridgeshire PE18 6ED, UK. Tel: 44 480 412432. Fax: 44 480 412841.



MAA COMMUNICATIONS 1708-91

When a factory begins to resemble a goldmine.

Somewhere in this complex are 300 people making five million tonnes of cement.

ABB's industrial support systems are at work increasing production and productivity to levels unimagined yet.

In the West (even in India), plants run by ABB's automation systems almost entirely eliminate human error.

ABB now places its vast technical resources at India's command.

ABB is no stranger to India. The country's more sophisticated substations and plants (cement, sugar and steel) have been automated by ABB. For instance, Jaypee Rewa Cement Ltd. deploys thirty process automation systems; Tata Electric Companies Ltd., twelve.

ABB has also supplied forty nine DC drives to Ballarpur Industries, thirty eight to Indian Aluminium. While ABB Arc and Induction furnaces serve more than 400 customers. Added to these are industrial steam turbines in sugar mills and hundreds of thousands of AC motors found in factories and farms.

Evidence that the industrial systems of ABB have a substantial role to play, especially now, as India propels its industrial might into the century that follows.

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RECYCLABLE PLASTICS



A plastic that can be readily broken down into its component parts and reused has been invented by Robert Petcavich, a polymer scientist of Packaging Technology in the US. The material — Enviroplastic — is a mixture of polyethylene oxide and a compatible polymeric resin such as polypropylene, polyethylene and polystyrene (or just about any thermoplastic material). The two components are mixed in a precise ratio, extruded under heat and pressure and then formed into products.

Polyethylene oxide is soluble only in cold water. The polymers are recovered by putting discarded material in cold water, dissolving the oxide and leaving the compatible polymer. The latter is filtered and then the polyethylene oxide is precipitated by boiling, which also destroys any bacteria present.

ATTRACTING DISCOVERY

A research team at Du Pont, Delaware, of the US has discovered an organic material that is claimed to be the first to exhibit magnetic properties at room temperature. The substance, an amorphous black solid formed by reacting bis (benzene) vanadium and tetracyanoethylene in methylene chloride, shows ferromagnetic behaviour up to a critical temperature of 170°F at which point it decomposes.

According to Joel Miller, the leader of the research team, the material is thermally unstable and loses its magnetic properties on reacting with oxygen. The material's high critical temperature could lead to applications in information storage and electromagnetic interference (EMI) shielding.

NEW MEMBRANE FILTER

Millipore Corp of Massachusetts has developed a technique called 'nanoselective filtration' which is 10 times more effective than conventional ultra-filtration (UF) for removing viruses from the protein products of human or animal cell fermentations. The process uses a new membrane filter called 'Viresolve' that has such uniform pores that it allows a virus to pass through only one pore in one million compared with one in one lakh for standard UF membranes.

The new membrane consists of two polyvinyl difluoride (PVDF) skins on a PVDF core. Its composite structure is similar to those of traditional UF membranes but Viresolve's core does not have the finger-like voids that channel fluid in UF membranes. This provides more uniform filtration on the membrane surface.

SUPERCONDUCTING MOTOR

The first superconducting motor to achieve a practical power output at liquid nitrogen temperature has been developed by the Massachusetts Amerstem Superconducting Corp. The motor incorporates high temperature superconducting electric coils. In demonstrations, the motor produced 25 watts of power with a current of 0.5 amp in the superconducting field coil. The motor's power output is about the same as that of a cooling fan in a desktop computer. It is expected that superconducting motors would be more efficient than conventional motors thus yielding significant energy savings.

ESSENTIAL OILS AS FUMIGANTS

Research carried out by an Israeli team led by Eli Shaaya of the Agricultural Research Organisation has shown that essential oils extracted from certain herbs and spices by the method of steam distillation are highly active against insects that attack stored food such as wheat and flour.



The research results assume added importance since in recent years the number of chemical fumigants available has dwindled significantly. Methyl bromide and phosphene are still in use but the former is suspected of leaving residues harmful to mammals, while insects seem to be developing resistance to the latter.

Those oils showing activity against insects included such chef's favourites as oregano, basil, rosemary, thyme, anise and peppermint. Plant extracts with little or no activity were celery, cumin, coriander and fennel.

RETARDING MERCURY EMISSIONS

Dental amalgam is responsible for growing emissions of mercury from crematoriums. Mercury leaves the corpse within six minutes when the jaw bone reaches a temperature of 650°C. The emissions of mercury from crematoriums have been estimated at 360 kg per annum in Sweden. Now a Swedish company Emcoplate has found a relatively inexpensive way to cut down the mercury emissions by at least 85%.

Emcoplate has developed a glass ampoule containing selenium which can be placed on corpses before cremation. It is designed to make the selenium evaporate at just the right moment when it can capture the mercury by forming mercury selenide, a stable compound which is unaffected by high temperatures. The compound is not poisonous and can be raked out with the ashes.

A SUPER-MINI VIDEO CAMERA



A miniature video camera about the size of a postage stamp has been developed at the University of Edinburgh, UK, by a research team led by Peter Denyer. The team has discovered a way to integrate an image sensor with the other camera electronics onto a single silicon chip, to which a tiny lens can be attached.

The Edinburgh researchers have, in fact, developed a way of using the same commonly-available and inexpensive complementary metal oxide semiconductor (CMOS) technology, normally used for camera electronics to produce images indistinguishable from the images of charge couple device (CCD) cameras. This enabled a high resolution detector comprising an array of CMOS photo diodes to be fully integrated with the other circuitry on a chip about 8 sq mm containing almost one lakh transistors.

Besides, as well as being 10 to 100 times less costly to produce than the existing CCD cameras, the miniature version opens up the prospects for many new uses including 'video toys.' Its power consumption is much lower than existing cameras making it especially suitable for space and portable battery-powered uses. The prototype unit takes only one-tenth of a watt to capture, process and output a standard video signal. While this produces only monochrome pictures, researchers are now working on a colour model.

PLASTIC POSTAGE STAMP

The world's first plastic postage stamp has been made by the US-based Avery International.

Manufactured primarily from polyester film, the new stamp is made up of 11 layers including a layer of 36-micron ICI Melinex polyester film for the face stock, topped with two layers of printing inks and phosphorescent taggant varnish for electronic checking while sorting.

The self-adhesive stamp featuring the US flag is 0.012 mm thick.

SEEDS FOR WATER TREATMENT

Researchers at the University of Leicester, UK, have developed a water purification treatment that substitutes crushed tree seeds for aluminium sulphate flocculant. They have used seeds from the species *Moringa oleifera* commonly called 'horseradish tree.' In the process, the seeds from this tree are crushed and mixed with water.

It is believed that an unidentified protein contained in the seeds acts as a coagulant. The waste slurry is flocculated, filtered through a pebble-bed and allowed to stand in a settlement tank. The process, claim the researchers, is not only an inexpensive alternative in developing countries, but isolating and cloning the gene that produces the protein could yield a coagulant for industries in developed nations.

ATOMIC SWITCH

The motion of a single atom of xenon between the tip-end of a scanning tunnelling microscope (STM) and a nickel surface, both cooled to 4K (-269°C), forms a prototype for a new kind of ultra-miniature electronic device called an 'atom switch,' according to its inventors at IBM's Almaden Research Centre in the US. They claim that the state-of-the-art switch can be flipped (that is, the xenon atom can be moved between the STM tip and nickel surface) by applying the appropriate voltage between them.

They state that the atom switch is a bistable element and components in the prototype are vital in developing microcircuits. The researchers, however, admit that serious obstacles lie between their work and the realisation of a genuinely useful atomic-scale device.

GREATER MILEAGE

Goodyear has developed a tyre that reduces gasoline consumption. The tyre, a steel-belted radial, is called the 'Invicta GFE' (greater fuel economy). The use of proprietary polymers — synthetic polysoprenes modified to change certain properties — have made it possible to reduce the tyre's rolling resistance some 20% with no trade-offs in reduced tread life or poorer traction.



Although Invicta GFE will cost slightly more than comparable ordinary tyres, it could return nearly half its price in the form of fuel savings over its lifetime, Goodyear claims.

PREVENTING TOOTH DECAY

Japanese researchers have found that oil and other extracts from the cashew shell are anti-microbial against gram positive bacteria, particularly *Streptococcus mutans* which causes tooth decay. In addition to killing the bacteria, the substances also appear to decrease the production of cavity-causing acids by the bacteria. The shell oil is not edible, but could be included in toothpastes or mouthwash. The anti-cavity factors are also found in cashewnuts.

□ K.A. Neelakantan

The author is a Bombay-based freelance technical journalist.



Speech delivered by
Mr J M Rajan Pillai,
Chairman, Britannia Industries Limited,
at the 72nd Annual General Meeting
held at Calcutta
on 25th September, 1991.

CHAIRMAN'S SPEECH

HIGHLIGHTS

- **The Company sustains a high growth rate.**
- **Dividend stepped up from 24% to 29%.**
- **A milestone in exports by being awarded the status of a Star Trading House.**
- **Company's Platinum Jubilee Year to witness a host of new products.**

Ladies & Gentlemen,

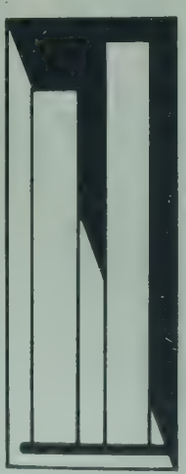
I am happy to welcome you once again to the Company's Annual General Meeting. The Annual Report for 1990 - 91 has been mailed to all of you and you would have had an opportunity of studying it in detail.

THE YEAR

The year ended 31st March, 1991 was yet another one of growth. The Company's sales grew to Rs.362.13 crores and profit before tax increased to Rs.16.50 crores. The Directors have recommended a final dividend of 17% which, together with the interim dividend of 12% announced earlier, aggregates to 29% for the year as against 24% paid for the previous year - an increase of over 20%.

The Bakery Division has further consolidated its market leadership. With the introduction of new brands, the Company is well represented in all segments of the market. The future augurs well for the Bakery business especially with the opening up of the rural markets.

The Company has been awarded the Star Trading House status by the Government of India for continuous excellence in exports. Only three other Companies have been accorded this signal honour.



The Annual Report for 1989-90 has been awarded the Silver Shield of the Institute of Chartered Accountants of India for the best presented accounts for the year 1989-90. We value this award as we look upon the Annual Report as the primary channel of communication with our Members.

THE ECONOMY

In May this year, 'The Economist' of London portrayed the Indian economy as a caged tiger and went on to make a strong case for freeing the tiger. I am happy that the new Government has started the difficult job of opening the cage doors. The New Industrial Policy, the Trade Policy, the Policy for Small Scale Industries and the Union Budget form a package of initiatives designed to put the Indian economy back on the rails and to prepare India to join the ranks of the world economic powers in the not too distant future. The abolition of many bureaucratic controls and the creation of an environment conducive to the inflow of foreign capital will lead to the country's industrial development and growth. The package of reforms is an expression of concern over the dismal foreign exchange position that is facing the country and provides avenues to improve the balance of payments.

I firmly believe that Indian industry can no longer grow, or even survive, in isolation and must go global; a closed economy is no longer relevant in India. The time has come for India to open its doors to foreign investment. Such investment is considered far more advantageous to the country than taking recourse to borrowing abroad, involving, as it would, interest and instalment repayment obligations.

India has passed through a traumatic twelve months. We have seen the fall of two Governments at the centre, the tragic assassination of Mr Rajiv Gandhi and violence and militarism in some parts of the country. Yet, through it all, we have completed a free election process and installed a new Government. This democratic transition is most gratifying and India stands out in the developing world for its political maturity.

The new Government has shown the will to tackle the political and economic problems facing the country. In the short term we are likely to face inflationary trends and the pangs of a changing system. This is inevitable; but the long term results are well worth the effort. In this tremendous task, the Government deserves full support and co-operation from all of us.

Whilst the overall policy will go a long way in making Indian industry more competitive and will help to integrate India as a part of the global economy, there are a few areas directly linked to our business which need the Government's immediate attention. These relate to the policy for the Bakery Industry and the Budget.

THE BAKERY INDUSTRY

It is ironic that while the package of economic reforms will help boost the economy, the same package could spell disaster for the Bakery Industry. It is time that the Government views the Bakery Industry as a source of nutritious and hygienically packaged food, available at affordable prices to even the poorest sections of society, both in the urban and rural areas.

I would not like to make an issue of the Government's policy in reserving the Industry for the small scale sector; indeed I would like to see the small bakeries manufacture products of a standard and quality which can compete in the market place. But, at the same time, **the existing large and medium scale units, who are already in the Industry, should not be strangled.**

While the New Industrial Policy proclaims that, "all sectors of Industry, whether small, medium or large, belonging to the public, private or co-operative sector, will be encouraged to grow and improve on their past performance", the actual policy of the Government of India relating to the small scale sector provides that existing large and medium scale units are barred from effecting any expansion in capacity. The production capacities of such units are frozen at levels prevailing at the time of reservation and in some instances, where units were required to apply for a Carry on Business licence, the licence was issued on the basis of artificial norms such as highest annual production prior to a particular date.

From April 1978, when bread and biscuits were reserved for the small scale sector, to the present day, the productive capacity of large and medium units has been pegged. At the same time, during this period, there has been a steep and all round increase in input costs such as raw materials, wages, power and fuel, etc. While to some extent, cost increases can be

neutralised through price increases, there are limits to the extent of price increases because of market forces. Ultimately, cost increases can be neutralised only through achieving economies of scale. This is not possible where productive capacities are artificially frozen. Existing units are today, in terms of production, where they were in 1978. At the same time, there is no incentive for investment in modernisation which ultimately leads to higher productivity, better quality and lower consumer prices.



I would like to make the following submissions to the Government:

- *Large and medium scale units in areas reserved for the small scale sector must be allowed a natural growth in production volumes each year. Such growth can be linked to any macro economic indicator.*
- *The small scale manufacturers of biscuits and bread cater primarily to the lower end of the market and do not have the capability of manufacturing premium varieties of biscuits. In fact, given the investment limit of Rs.60 lacs in the small-scale sector, it is not possible for such units to manufacture premium varieties.*
- *It would be prudent, therefore, to selectively de-reserve the premium varieties of biscuits and speciality breads and to allow existing large and medium scale units in the Bakery Industry to manufacture such products without any restriction in capacity.*

Such natural growth and selective de-reservation will not pose a threat to the small scale sector as the two markets are mutually exclusive.

We have already taken up this issue with the Government and hope that in the prevailing environment of pragmatism, the authorities will respond with sympathy and understanding to our problems.

THE BUDGET

Biscuits

The Budget proposals relating to excise duties contain a grave omission as far as the Bakery Industry is concerned. In order to give a thrust to the food processing and agro-based industries, the Budget has exempted relatively "elitist" products like milk powder, cheese, butter, sauces, jams and jellies from excise duty. Surprisingly, biscuits which are agro-based and cater more specifically to the lower income groups and the rural sector have not been exempted from excise duty. In fact, the excise duty on biscuits has been increased from 10.5% to 11%.

I would like to place some facts for the consideration of the authorities:

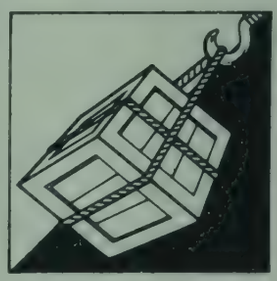
- *90% of the raw materials used in the manufacture of biscuits are agro-based, viz. wheat flour, sugar and edible vegetable oils.*
- *Biscuits are the cheapest, most convenient, nutritious and hygienic of the processed foods.*
- *55% of biscuits in India are consumed in the rural areas. 37% of biscuits are consumed by income groups below Rs.750 per month.*
- *Over 33% of biscuit production in the organised sector is by small scale units.*

On behalf of the Industry, I appeal to the Government to set right the injustice done by not exempting biscuits from excise duty.

Exports

The new Trade Policy and the instrument of the Exim Scrip will give a boost to India's export drive. However, the Budget proposal in regard to the amendment to Section 80 HHC of the Income - tax Act, 1961 will work in the opposite direction. The amendment seeks to withdraw the tax credit under the section in respect of traded goods, while continuing the exemption for manufactured goods.

I would like to go back to the original intention of this provision, which was to encourage large companies with international connections and a strong domestic business base to treat exports as a main line activity. That this intention was successful is evident in the story of our Company's success in exports - growing rapidly from a merchant exporter to a Star Trading House.



The development of exports in many countries has been achieved through trading houses which have the advantage of a solid financial backing and strong marketing support. A large trading house in India would be able to:

- *Use its international connections for developing export markets and procuring orders for a host of small scale manufacturers.*
- *Provide finance for purchase of raw materials and working capital to the small scale manufacturers for executing export orders.*
- *Work on minimal margins by passing on maximum profits to the small scale manufacturers while retaining only the tax benefits for themselves.*

I would urge the Government to encourage the growth of trading houses like ourselves who are involved in genuine export activity through appropriate tax reliefs.

THE TEAM

Owing to their other business commitments, Mr W G Dunnington, Jr. and Mr J E Willett have laid down office as Directors of the Company. Their advice and guidance over the years was of great value and the Board would like to place on record their sincere appreciation of the valuable contributions made by them. I would like you to join me in welcoming to the Board of Directors, Ms G N Pillai and Mr J R Gagrat who have been appointed in the vacancies of Mr Dunnington and Mr Willett. Ms Pillai is a Director of several Britannia Group Companies and Mr Gagrat is well known in legal and corporate circles. They bring with them a wealth of experience to the Board.

On your behalf, I would like to record our thanks and appreciation to the team of management, staff and workers ably led by Mr S K Alagh.

THE FUTURE

In two years, our Company will be reaching its 75th year. During this period, our various plans for diversification will move from the drawing board to reality. I expect to see in markets, both in India and abroad, a host of value added food products with the "Britannia" brand name. This, together with the growth in our traditional business will make our platinum jubilee year a fitting one.

Thank you very much for your presence this morning.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

BRITANNIA

Regd. Office: Britannia Industries Ltd., 5/1A Hungerford Street, Calcutta-700 017.

PAN & MAN PROJECTS

P.V. SATYANARAYANA



This article, a continuation in the series on new chemical projects, will cover two important organic chemicals — phthalic anhydride (Pan) and maleic anhydride (Man). Official projections reveal that Pan demand will rise to 85,700 tonnes per annum (tpa) in 1994-95 (45,000 tpa now) and further to 1.38 lakh tpa in 1999-2000. Man demand is slated to jump to 10,430 tpa in 1994-95 (5,500 tpa now) and to 18,130 tpa in 1999-2000. Spurred by the growing domestic demand and export prospects, many new units are coming up, while existing ones are raising capacities.

The following list discusses Pan schemes, as well those Pan units which will produce Man as a byproduct.

■ Durgapur Chemicals is to modernise its facilities (this includes a Pan plant) at a cost of Rs 15 crore.

■ IG Petrochemicals Ltd's (IGPL's) Rs 61.85 crore, 45,000 tpa, 100% Pan export-oriented unit (EOU) is being set up at Taloja near Bombay. The plant will use orthoxylene as the primary raw material. Lurgi will be supplying the process knowhow, basic engineering, catalysts as well as the critical plant and machinery. Metallgesellschaft (Hongkong) will be lifting all the production in the first year, and 75% in the subsequent four years. As of September 1991, construction was in progress and plant and machinery are expected to be installed by the year-end. IGPL will also be supplying affluent waste from the Pan plant to an adjacent unit proposed to be set up by Mysore Petrochem for recovering 2,400 tpa of Man.

■ Lloyds Steel Industries had earlier planned to set up a 100% Pan and Man (15,000 tpa each) EOU on the western coast. However, it appears that not much progress has been made.

■ North India Petrochemicals (a Dalmia group and Uttar Pradesh — UP — government joint venture) is setting up a 15,000 tpa Pan plant at Sikandrabad in Bulandshahr district. A Man recovery (1,000 tpa) and fumaric acid (600 tpa) plant is also planned. PSA Von Heyden technology is to be provided by Lurgi. Humphreys & Glasgow Consultants is to provide detailed engineering services. The project, initiated in 1988, has been delayed. Earlier cost estimates of Rs 56.7 crore may have to be revised now.

■ Shri Ambuja Petrochem, which has raised its Pan capacity to 12,000 tpa near Hyderabad, is to expand it further to 15,000 tpa. A 1,000 tpa Man recovery plant is also planned.

■ Super Byteron Systems, a Shree Acids & Chemicals venture, is to set up a 15,000 tpa Pan plant at Salempur (UP). A 7,000 tpa Man plant is also planned.

The new Man projects are:

□ Adarsh Chemicals & Fertilisers' Rs 20 crore, 7,200 tpa Man plant at Udhna near Surat is in an advanced implementation stage. Scientific Design of the US is providing the knowhow.

□ Balmer Lawrie is to set up a Rs 30 crore, 10,000 tpa Man facility at Cochin. The plant is to be based on C fractions containing butenes to be obtained from Cochin Refineries Ltd (CRL). Balmer Lawrie had secured a letter of intent during June 1989. Some Rs 25 crore of the project cost is to be spent on the process knowhow and imported plant and machinery.

□ CRL is to set up a Rs 55 crore, 10,000 tpa Man plant which is in a preliminary planning stage at present. Public Investment Board clearance is yet to be given.

□ Ganesh Anhydride has commissioned its Rs 24.75 crore, 7,000 tpa Man plant at Tarapur (Maharashtra) with knowhow from Scientific Design. The company is under stipulation to export 20% of its annual production. The commercial production target date: October 1991.

□ Kothari Sugars & Chemicals is to set up a Rs 30 crore, 10,000 tpa Man plant with technology from Lummus Crest of the US. The location of the plant, which will use mixed C hydrocarbons from Madras Refineries Ltd (MRL), is yet to be decided.

□ Mysore Petrochem is to set up a Rs 12.68 crore, 3,000 tpa Man recovery plant at its complex near Raichur in Karnataka.

□ Niraj Petrochem is setting up a Rs 25.75 crore, 6,000 tpa Man plant at Wadichipurapalli (close to Visakhapatnam) with the latest Lurgi knowhow developed by Chemische Werke Huls. Benzene feedstock will be obtained from the Visakhapatnam Steel Plant. Metallgesellschaft (Lurgi's parent) is to lift 50% of the annual production for five years. The commissioning target date: early 1992.

□ Standard Alkalies Ltd (SAL), Standard Industries' chemical division, had proposed to implement a Rs 29 crore, 10,000 tpa Man project near Jaigad (Maharashtra). The company had initiated discussions with Lummus Crest for knowhow but the project was rejected by the Monopolies & Restrictive Trade Practices Commission in April 1989. With the recent policy changes, SAL may pursue the project.

□ Thirumalai Chemicals has commissioned its Rs 19 crore, 10,000 tpa Man plant at Ranipet near Madras in August 1991 with knowhow from Alusuisse Italia. Benzene will be the primary raw material.

Several new capacities and expansions have been planned for phthalic anhydride (Pan) and maleic anhydride (Man) manufacture



COCHIN REFINERIES' MAIN PLANT: *Man plans*

• *The author is a Bombay-based management consultant*

INCENTIVES FOR NEW UNITS

H.P. RANINA

The Finance Act 1991 seeks to introduce s.80-IA for new industrial units set up after 31 March 1991. This provision is a continuation of the s.80-I which had been discontinued for units set up after the said date. Besides allowing industrial units the benefit of 30% exemption on profits, the section also extends the relief to hotels set up in hilly areas and in places of religious importance.

To avail of this relief, a new industrial unit is required to meet a set of five conditions. These are: investment of substantial fresh capital in the new unit; employment of requisite labour therein; manufacture of articles in the setup unit; earning of profits clearly attributable to the new unit; and a separate identity for the new unit.

The Patna high court passed a judgment on this point in *CIT vs Hindustan Malleables & Forgings* (191 *ITR* 70). Here, the claim by the assessee, a limited company, for deduction under s.80-J, was rejected by the income tax officer (ITO). However, the commissioner of income tax (appeals) — CITA — on an appeal by the assessee, allowed the assessee the s.80-J benefit. The revenue, in turn, went in appeal to the tax tribunal which affirmed the CITA's order.

The tribunal noted that some basic facts were not disputed even by the ITO: the assessee had made substantial investments in executing a modernisation-cum-expansion project to increase production of malleable cast iron and forged fittings; new machinery was installed in newly-constructed buildings; and production increased by employing more labour.

The tribunal's findings were based on a perusal of the assessee-company's records. The tribunal had recorded its own finding of facts that "there can be no dispute that the assessee made a substantial investment in setting up a new factory building as also in the installation of new plant and machinery."

However, before the high court, the IT department objected to this on the following grounds: the management of both units, old and new, was the same; common books of accounts were maintained; and the power source for both old and new units was the same. The tribunal, however, conceded that the assessee had furnished production details pertaining to both the units and also that the month-wise production details for each of the two assessment years under appeal were available in the ITO's file.

The court held that the question as referred was concluded by a decision of the supreme court in the *Textile Machinery Corp vs CIT* (107 *ITR* 195) case. Here, the court had laid down the requisites for entitlement of deduction under s.15-C of the Indian Income Tax Act (ITA) 1922, which corresponds to s.80-J of the ITA 1961. The court held that in order to be entitled to the benefit of deduction in question, the five conditions spelt out earlier had to be met by the assessee. And since, in the present case, the tribunal had recorded findings of facts in respect of each of the prerequisites as laid down by the supreme court in the above-referred case, the court held that the assessee was clearly entitled to s.80-J benefits. Since the revenue had not tried to resist the claim in question on the grounds of 'reconstruction' of the unit, the court found it unnecessary to enter into that issue.



So far as the objection regarding a common power source was concerned, the court held that it per se could not be a ground for denying the deduction claimed as this reason by itself could not destroy the separate identity of the new unit. Similarly, a common management of the two units or maintenance of common books of accounts per se were also not germane for considering the claim under s.80-J.

This view of the court was fortified by the opinion of the Karnataka high court in the case of *International Instruments vs CIT* (123 *ITR* 11, 21), wherein it was held that "the fact that there was common management or, the fact that separate accounts had not been maintained, would not also lead to the conclusion that they were not separate undertakings. Even if a separate account is not maintained, the investment in each of the units can be reasonably determined with the material the assessee may make available to the department. We are, therefore, of the view that the finding of the tribunal that the assessee was not entitled to relief under s.84 and deduction under s.80-J of the ITA, during the assessment years in question is erroneous."

A similar view had been taken by the Calcutta high court in the case of *CIT vs Rohtas Industries* (120 *ITR* 110, 123) and by the Bombay high court in the case of *Mahindra Sintered Products vs CIT* (177 *ITR* 111, 114).

Under the aforesaid facts and circumstances, the court was clearly of the view that the tribunal was right in law in holding that the assessee had set up a new industrial unit which was eligible for relief.

Thus, in order to claim the relief under s.80-IA, a new industrial undertaking should be a viable unit or profit centre, it being irrelevant that it manufactures the same or different product. Hence, a new undertaking can be a manifestation of an expansion or diversification programme.

• *The author is a Bombay-based advocate.*

New undertakings which are manifestations of expansion or diversification programmes can also avail of the benefit under the new s.80-IA



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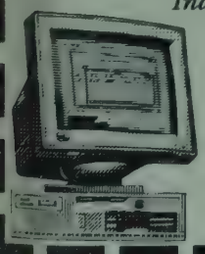
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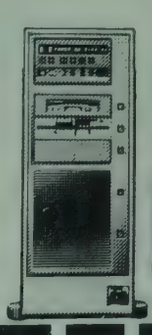
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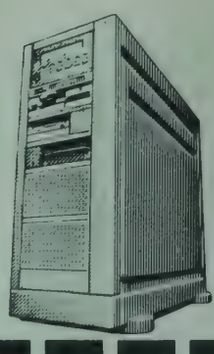
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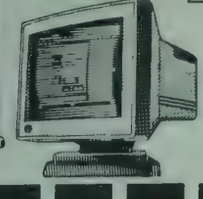


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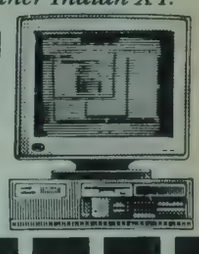




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MANAGING PROJECTS

G. PANDEY



Most organisations are run on the basis of the standard functional management style. No doubt it may meet the needs of a large majority of them. But when an organisation's activity is concentrated on achieving a specific objective (like Mazgaon Docks building a ship), or when the scale of activity is much larger than what it normally undertakes, the managerial requirement is quite different. In such cases, the firm has to resort to a project management style of functioning.

Do managers know which management style to adopt and/or when to shift from one style to another in order to suit the organisation's objectives? Most management consultants have their doubts.

What is project management? Just as no organisation can boast of following the standard functional management style, there is nothing like a pure project management style. In fact, when an organisation claims to be following the project management style, it is nothing but a dovetailing of pure project management and standard functional management. What is needed is a perfect blending, neither one dominating the other in the process. It is a job requiring expertise, and is best left to a professional.

But how is one to know when project management is essential and necessary? Here are a few rules-of-thumb:

■ When an activity performed by the organisation is unique and/or infrequent. For instance, advertising agencies taking up ad campaigns for political parties.

■ When there is a great deal of interdependence among the various tasks to be performed, especially when more than one agency is involved (the construction of a bridge, for example).

■ When failure to complete the job on schedule or within the budget entails serious problems for the organisation. Building a warship for the navy or a rig for the Oil & Natural Gas Commission, for instance.

In short, the scope, unfamiliarity and complexity of the activity and the organisation's stake in it should determine whether the manager should go in for the project management style or not.

While the project management style will enable managers to give attention to complex and unfamiliar tasks and take faster decisions on matters which clearly lack precedent, it will also demand:

□ A greater degree of participation by the organisation and agencies outside the control of the project.

□ A unifying agent (a body, a group of persons or an individual) who must be diplomatic and have persuasive abilities to remove bottlenecks.

□ A temporary shift of responsibilities and reporting relationships that may disturb the smooth functioning of the regular organisation.

Most organisations, when they adopt project management and fail, tend to blame the style. If the style is recommended to the organisations by a consultant, then he has had it. Little do they realise that the fault lies with them in the form of:

■ Organisational uncertainties, that is, changes at the top, senior and middle levels.

■ Unusual decision pressures leading to sacrificing time for cost, cost for quality and quality for time.

■ Blunders committed by the top management due to lack of awareness, ill-advised intervention and, above all, the personal whims of the chief executive.

It is possible to provide broad guidelines for project management; what is needed is to: (a) define the responsibilities of the parent organisation/top management; and (b) of the unifying agent (the project manager); and (c)define the relationship between the two. But most organisations miss out on the first and last points while defining the second one, more in terms of responsibilities without any authority.

The parent organisation or the top management of the firm practising project management should understand the following roles and responsibilities:

□ Link the broad organisational perspective to the overall project perspective.

□ Establish the priority and obligations within the organisation or the timely and efficient accomplishment of project goals.

□ Accord rank, position and status to the project manager commensurate with the project cost and complexity.

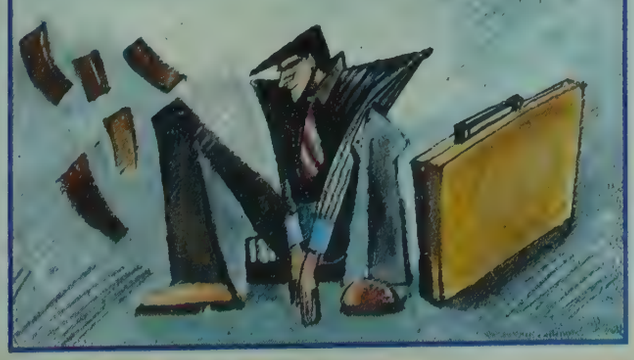
□ Provide the needed support and freedom to the project management team.

The project manager's major function requires a balancing of technical solutions with time, cost and human factors. He should, therefore, be more of an integrator and a generalist, rather than a technical specialist. More so when he is responsible for pulling together the separate functional specialists; for directing their diverse functions to a coordinated project goal. This requires considerable role adaptability, a very high level of intellectual sophistication and, above all, a very high capacity to influence others without necessarily having control over them.

Only those professionals who can achieve the above-mentioned requirements should step into the shoes of a project manager. In short, project management is not every manager's cup of tea.

• *The author is a Bombay-based independent consultant.*

Project management is not every manager's cup of tea. It calls for a very high degree of expertise





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POSITIVE CHANGE

As with any significant change process, the series of measures announced by the Narasimha Rao government in course of the few weeks it has been in office has evoked strong emotions. There are the die-hard ideologues who see the betrayal of principles in everything that is pragmatic. There are the entrenched sections who had developed vested interests in the old regime of licensing and controls. Also, there are the usual doubting Thomases who look askance at action. Finally, there are some who feel that these changes are not natural but are being forced upon us by outside bodies like the International Monetary Fund (IMF).

Such ways of looking at what the gamut of changing policies is aimed at are, however, misplaced. Admittedly, there is an element of reactiveness prevalent here; policies should have been proactive earlier so that the difficult problems of inflation, fiscal deficit and trade gap could have been nipped in the bud. However, given the problems, the response could hardly be anything less. Indeed, the sweep of the changes being mooted is so broad in scope as to be unprecedented in India.

Therein lies the real significance: namely, that beyond the changes in rules and abolition of procedures lies an attempt to overhaul attitudes. The Indian system has to be jerked out of its long inertia into natural dynamism. There is no better way to bring this about than to loosen — even unleash — the dormant forces of the marketplace. This is because it is in the latter that competition between firms will ensure growth of demand, quality assurance, reasonable prices and the right manufacturing technology. To the extent the trade and industrial policies and the budget encourage market forces, they should be roundly applauded.

CLOSE MONITORING

Of course, the implementation of the policy objectives, as always, must be subjected to close monitoring at the professional level so as to ensure maximum effectiveness. The fine print must not be permitted to stand in the way of legislative intent. Similarly, the expenditure-control measures envisaged by the budget must not be allowed to become diluted as a result of opposition from vested interests. Trade must be set really free.

With much of the messy red tape and dysfunctional controls bedevilling the old system being cut away, India is finally signalling the end of its isolation from competitive forces, both local and foreign. Notice is thus clearly served to Indian industry that it has to stand on its own feet and face up to competition. The days of licence protection are over. The much criticised and costly delays in government approvals are on their way to elimination.

Most importantly, the government seems to have accepted the reality that marketplace forces are a better guide to entrepreneurship than the 'wisdom' of the politician or the bureaucrat.



For India, the nineties have begun with two basic problems, namely that of fiscal deficits and of disbalance of payments. The former has reached a peak of Rs 43,330 crore in 1990-91: at 8.4% of the gross domestic product (GDP), this level of deficit is quite unacceptable by international standards. Underlying this is the strong trend of government consumption expenditure which rose from just over Rs 5,100 crore in 1980-81 to nearly Rs 30,000 crore by 1990-91.

On the foreign trade side, the current account deficit has burgeoned from less than Rs 3,000 crore in 1984-85 to Rs 12,500 crore in 1990-91. Reflecting this, the country's external debt has jumped from about $30 billion in 1984-85 to over $70 billion in 1990-91. Revenues suffice for only 10 days' imports — an absurdly low level. These, then, are the kind of parameters within which our economic policies have had to be redrafted.

Fortunately, there is not much controversy about the desirability of the goals that have been set. The recent criticism of the fertiliser price rise demonstrates this point clearly. Although they were critical of the raising of fertiliser prices, political parties have not in the main questioned the imperative of reducing subsidies. Their concern was more about the "How" than the "What" of policies.

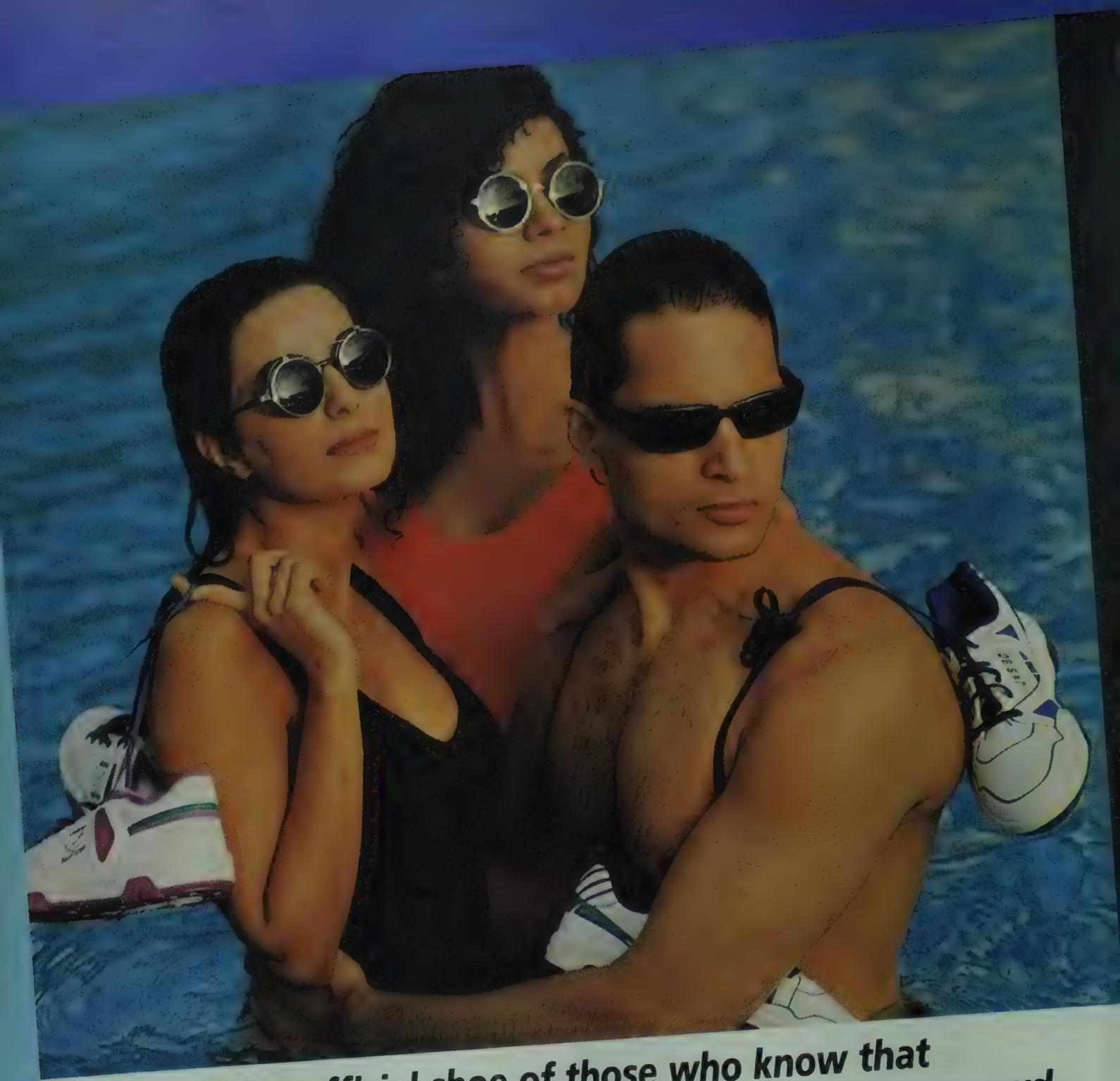
India's aims are to have sustained economic growth, moderate inflation rates, more capital formation, modern technologies and a closer integration with the world economy. The country's resilient agricultural sector provides a strong positive backdrop in this context, as does the potential derivable from energizing the growth process. It is for the economic system as a whole, and for the corporate sector in particular, to rise to the challenge.

The task of revival is an uphill one, and steeply so. I'm sure I'm not the only one in industry worrying about whether India can do at least a Mexico and at best a South Korea. To my mind, the single-most important need is to ensure that the unavoidable hardships that would be entailed by rapid change are managed with sensitivity.

□ A.L. Mudaliar

The author is chairman of Bata India and Titan Watches and is a director of several well-known companies.

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B.S. SWARUP



You can't sell services the way you would soap but, in today's competitive environment, you have to give it a jolly good try. Services, long accorded stepsister status by marketing professionals in India, are beginning to come into their own. And companies in the business are increasingly adopting the strategies used to sell packaged goods to hawk services.

Consider banks. Traditionally, bankers have enjoyed a staid and stodgy image. True, in the West, sans curbs, banks have had various innovative schemes to attract depositors. But, in India, the nationalised white elephants have just expected people to walk in. With the coming of age of retail banking, however, the old mores have had to be discarded.

Leading banks today have separate divisions known as either consumer banking or personal banking. Their focus is to understand what the customer wants and give it to him. Thus have come "products" such as the Unfixed Deposit and Smart Money. (Expectedly, behemoth State Bank of India has failed in this arena.)

Banks are increasingly using research, product development and advertising techniques that hitherto would be unusual outside any large consumer products company. Leading international banks have introduced automatic teller machines. The emphasis is 24-hour banking — of course, the product benefit is convenience.



AN ATM: *Selling convenience*

Banks today give a lot of importance to decor, ambience and personalised services. A banker is both the manufacturer and retailer of his products. By contrast, a packaged-goods marketer must rely on third parties to distribute his products.

Closely related to banking, financial services are also following the same route. Advertising is no longer a drab collection of facts and figures. Life Insurance Corp, for instance, uses a lovable and cute child in a TV commercial to promote one of its offerings. A few years ago, one wouldn't even have dreamt of a TV commercial for such a product. What's more, competitive advertising has also begun. The Canara Bank-Indian Bank fracas is a recent example. Such financial institutions are now gilding the lily to woo customers. Banks, too, have stopped selling lipstick; they are now selling hope.

Even public issues are getting into the branded product domain. Reliance started it with its Khazana. And after that there have been the Larsen & Toubro Vision, the Mahadhan and what have you.

Take another service sector — hotels. Traditionally, demand for hotel rooms has outpaced supply, but the situation has reversed in the past few years. All metro cities have too many hotels, the occupancy rates are down and the room rates are discounted. Marketing has become a necessity for maintaining reasonable occupancy rates.

Hotels pose special problems that have little to do with the industry's general lack of marketing. For one, hotels can't be moved or redesigned to suit rapidly-changing customer tastes. Moreover, hoteliers don't get the second chance of selling that packaged goods marketers often enjoy. If the "product" is not sold that night, it's over. Consequently, in the hotel market, there is a trend towards brand segmentation. There always used to be categories of hotels — deluxe, budget and so on with differing tariffs. Now these distinctions are getting partly blurred with even top hotels offering budget packages and discounts. Further, hotels are following the segmentation route to cater to particular audiences. Thus, there are establishments like Leela Kempinski which serve the airport crowd.

Marketing has also been stepped up. The Taj and Oberoi groups have been offering package sales promotion programmes at lower prices with free breakfast and sightseeing and discounts on other facilities. India Tourism Development Corp (ITDC) is offering, through TV commercials, free rail tickets for two and accommodation. All hotels run a direct mail campaign.

Taj, Oberoi and ITDC hotels are putting most of their marketing muscle into nationwide print ads. The marketing and advertising budget works out to 2-5% of the sales revenue.

Another area where there has been a lot of activity is in healthcare. Today, there are more and more doctors practising in urban centres and their numbers continue to grow. Also, allied services like radiology and x-ray laser clinics depend on other doctors to send them referrals. All these services have to be sold; the old dogs have to learn new tricks.

Consider one category. Opthalmologists and opticare centres are promoting two distinct healthcare images. One is aimed at the affluent customer segment which would like to get the latest technology in eyecare. The other is directed at traditional, middle-income patients. The campaign for the first segment emphasises the hitech aspect while that for the latter focuses on the fact that one may have a chance to see well again. Here, again, there is a differentiation in the advertising approach for the same product.

Services marketing, of course, encompasses many more areas. And the winds of change are being felt in all of them. Service with a smile is no longer enough; it must be sold successfully as well.

• *The author is all-India marketing & sales manager (optics division), Forbes, Forbes Campbell & Co.*


Y





Park Avenue by Raymond's

Style. For every moment of your life.

Park Avenue presents The Trouser Collection. Adorn them with Park Avenue leather belts. Available in black, brown, tan and grey. Fitted with stylish buckles. You can also pick up a Park Avenue leather wallet on your way out.

THE MELA MELANGE

An old cartoon sums up best the attitude of the Indian authorities towards foreign tourists. It shows a native African admonishing his wife as she paints a vivid, elaborate Salvador Dali-like image on canvas. The caption: "Quick, drop the surrealism and put something primitive on the easel. The tourists are coming!"

In the Visit India Year, the ministry of tourism has chosen to promote this country abroad as a land of quaintly archaic culture, the best showpieces of which are its many curious — and colourful, in more senses than one — festivals.

There are several opinions about the efficacy of such a campaign, but the government clearly believes it is just what the doctor (and the forex crisis) ordered. It presumes that, suitably enchanted at the prospect of experiencing Indian traditions first-hand, thousands of culture-vultures from all over the world will line up to participate in our myriad melas, spending millions of dollars, francs, deutsche marks and yen as they pour into the country.

"Where else but in India can you find a Tea Festival, a Boat Race Festival, a Kumbh Mela or a Mango Festival?" asks government of India tourist office regional director (Maharashtra) C. Srinivas. One of the many objectives laid down by the ministry for the Visit India Year demanded stress on the cultural richness of the country, while highlighting its suitability as an all-the-year-round destination. And what better way to do this than plugging Indian festivals?

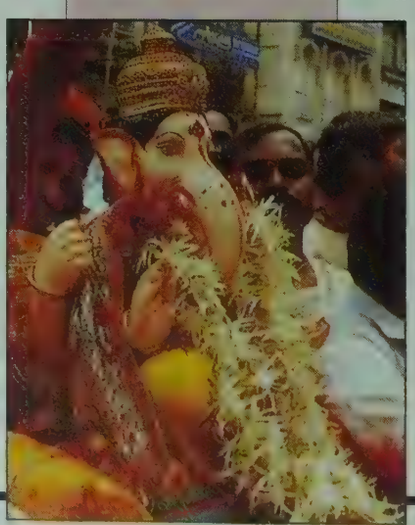
The list of important festivals to be promoted by the government during the year offers no less than two festivals a month — May being the sole exception. Says Srinivas: "Festivals are celebrated all the time; and they are organised by the people themselves. But our role lies in publicising certain ones over others as tourist attractions and rendering help to the extent possible."

State-level authorities haven't been long in taking the cue from New Delhi. The Maharashtra Tourism Development Corp (MTDC), for instance. Starting with Bombay's Vintage Car Exhibition in January last, which is reported to have drawn in some 5,000 foreign tourists, the MTDC has gone on to organise a festival promotion almost every month. The latest attraction was the Ganesh Festival, held last month in Pune. MTDC managing director D. Mehta is in no doubt that the strategy will pay off. "MTDC broke even last year, after 16 years of consistent losses; and we will now remain profitable forever and ever."

The corporation financed high-visibility promotional campaigns on the Elephanta and Ellora festivals of music and dance and the Kumbh Mela at Nashik ("Next showing in 2000 AD" ran the ad). It is also organising a Bibi-Ka-Maqbara Festival at Aurangabad this month.



The mela attraction hasn't, so far, been effective in wooing tourists into the country



Meanwhile, in New Delhi, the Chaupal restaurant (famous for its typical Indian village ambience and for a certain Devi Lal's hare-brained schemes) is reportedly doing brisk business. India Tourism Development Corp (ITDC) is planning to organise a series of various state festivals within its portals, each aimed at giving the foreign tourist a better taste of India.

But not everybody in the trade believes the ministry's festival-marketing strategy will help attract foreign tourists. Says Travel Corp of India (TCI) executive director Jehangir Khatgara: "It is very difficult to promote festivals abroad. The majority of the tourists who come to attend these government-promoted festivals are from within the country." Old tourism hands say the campaign has failed to make a significant impact abroad. For evidence, they point to a stinker of an article in a foreign magazine that says India will need at least 10 years to push its one Visit India Year. The promotional drive has obviously failed to increase the average foreigner's awareness of India, its culture or its festivals. Small wonder, then, according to TCI manager (publicity) Meher Bhandara, the foreign tourist attendance at the much-publicised Mango Festival was negligible.

Industry sources say the period January to March 1991 showed a 23% drop over the previous year's figures. The next five months proved equally lacklustre. Obviously, the festival campaign isn't doing the trick.

But Khatgara isn't prepared to write it off as a total failure. While he thinks it unlikely that foreign tourists will come all the way to India with the sole intention of visiting a mela (most of them balk at the thought of the crowds and the noise), one or two festivals can be sold as 'added attractions' to a more comprehensive itinerary. Packaged tours can be designed *around* a mela, not exclusively *on* it. In addition, a good deal of investment is necessary in order to improve infrastructural facilities (hotels, restaurants, roads, transport) at the festival sites.

But that initiative must come from the tourism ministry which, at the moment, seems too caught up with mela-marketing to consider any other suggestions.

□ Sona Mampilli

MASALA MEDLEY

It's all a matter of taste, really. Bombay, one of the country's major markets for curry and spices, isn't exactly a happy hunting ground for the packaged masala industry. A vast majority of households continue to swear by fresh, home-ground masalas, leaving the powdered and branded variety with barely 7-8% of the market.

The only brands that have made their pungency felt are Bedekars, Brooke Bond Sona, Kusum, Everest and Badshah; significantly, all of these are targeted at the premium segment. Here and there, the odd middle-market brand (like Sahakar, sold by the Apna Bazar group) does reasonably well. But these are the exceptions; most of those who have tried to play in this market have found the experience too bitter to digest.



SONA MASALAS: *Small marketshare*

But that doesn't deter the optimists, who believe branded masalas will come into vogue with the passage of time. "Whoever has tried Sona has stuck on to it," claims Brooke Bond area manager Gaurav Prakash. The tea company entered the masala market in 1979, with six plain powders — chilli, turmeric, coriander, cumin seeds, mango powder and black pepper. These were followed by blended powders like garam masala and meat masala. Right now, Brooke Bond sells two tonnes of Sona masalas in the Bombay market every week. That may sound impressive, but it is a small slice of the market; and Brooke Bond trails well behind the Apna Bazar group, which sells six tonnes of Sahakar in Bombay every week.

V.P. Bedekar & Sons, the oldest company in the business, posted Rs 1.07 crore in revenues from branded masalas in 1990-91. The company launched its first brand some three decades ago. Although better known for bottled pickles, its masalas sell fairly briskly. Says director Atul Bedekar: "Ours has become a national taste." The company manufactures between 15 and 20 tonnes of its brands per month.

But that comes nowhere close to Kusum Masala Products' output — claimed to be 4.5 tonnes a day. Most of this production is sold in bulk to large consumers. Among Kusum's biggest customers in Bombay are the Ambassador hotel and the Taj Flight Kitchen. The company's 37 packet varieties are hotting up the competition. Says S.K. Shah, one of the two proprietors: "Our brand is different from the others in the sense that a single product of ours, say chilli, is a blend of 5-6 varieties."

The Everest group has 26 varieties circulating in the market, including the high-profile milk masala which, despite heavy publicity, is yet to gain widespread acceptance.

A host of bigwigs are entering the packaged masala sector, in spite of the fact that even the established brands find the market too hot

Obviously operating on the philosophy that variety is the spice of life, the packaged masala companies add new types of mixtures to their range ever so often. But that doesn't seem to have shaken the average housewife's preference for the home-made stuff. Queering the pitch further for the companies is the fact that the wholesale prices of spices fluctuate frequently and drastically; a branded product obviously wouldn't get very far if its price-tag were to change every few months.

Under these circumstances, building up a brand is difficult. Advertising has worked for some companies; Everest, for example, has spent Rs 6-7 crore on ads over the past 10 years, to emerge a recognisable brand. But others, like Tiku, Vinav, Hawkins' masalas and Voltas' Volita, have failed to establish themselves despite sizeable spending on promotional campaigns. For the most part, the industry continues to depend heavily on word-of-mouth publicity, spread by dealers/retailers. Says Brooke Bond's Prakash: "Testimonial selling by shopkeepers plays an important role in the market." A lot of housewives have no particular preference for any given brand; they decide which to buy only when confronted with the options at the retail shop.

Which is why masala companies have started laying a lot of stress on the packaging of their products. Colourful, eye-catching packaging has become the order of the day. For innovation, Kusum is planning to introduce a garam masala in PET jars and some other powders in 15 gm sachets. Its competitors are expected to follow suit.

The pitfalls in the market haven't stopped new players (small entrepreneurs and big corporations alike) from flinging their hats into the ring. MRF, ITC and the Tatas are believed to be in the process of entering the market. It should be interesting to watch them tackle the hurdles that have brought so many other hopefuls to grief.

The established players, meanwhile, seem to have hit upon one highly lucrative area — west Asia. Exports of branded masalas to the Gulf countries have soared in recent years. Kusum's Shah claims to have raked in foreign exchange to the tune of Rs 1.60 crore last year. And he's looking for more: "Incentives for exports are better." Brooke Bond exports its powders under the brandname Splendour. Everest is planning to package a few of its masalas in table-top "sprinklers" for international markets.

Perhaps housewives abroad will give the branded masala industry what it has been largely denied at home: the sweet taste of success.

□ Shila Nair



A SOUND REPELLENT?

The pest repellent industry is attracting newcomers like flies to a honey pot. As if the score and more electronic and other brands weren't enough, Precision Electricals has launched an ultrasonic pest repeller branded Condor. An electronic pocket radio like device, it generates 30,000-60,000 Hz frequency sound waves inaudible to the human ear but extremely irritating to rats, cockroaches, lizards, flies, mosquitoes, among other pests. The principle behind this is that sound waves will bombard pests making them listless and sluggish without killing them. Over a period of time, the constant bombardment makes living so difficult that they have no alternative but to flee.

And this could be the plus point with which Condor could gain an edge over the rest of the pack. No more will there be the need to clean up rooms strewn with dead roaches.

"There are no side effects on humans," declares Precision Electricals general manager V.S. Bhatia. There may be no side effects physically but Condor will definitely impact one's wallet considering its price of Rs 750 apiece. Will it be able to combat the relatively lower-priced alternatives in the market? "Sure," says a confident Bhatia. "Condor was launched on 11 September in Bombay and we have already sold over 1,000 pieces." At present, Condor is aiming for a strong foothold in Bombay alone. It hopes to spread to other centres later.

The limited effective range (it cannot penetrate walls and it is only over 2,700 sq ft) and its restrained effect on mosquitoes could be drawbacks. "Strategic placing is essential (in the kitchen)," advises Bhatia.

Going by the competition,Condor will have to find a strategic place in the market for itself. Warehouse-owners and retailers may go for the ultrasound product, but will it prove an overall sound proposition?

EARLY BIRD

At a time when most computer outfits are going slow on advertising, it's Modi Olivetti which has been going on an ad spree. With reason. Tomorrow's market is not going to be easy what with the IBMs et al just pawing to get in. And savvy marketer that the B.K. Modi company is, it has been tomtomming the benefits of its machines in a bid to carve out a place for itself in users' minds much before the action starts. While one ad talks of the fact that Modi Olivetti's computer will not get a heat stroke in non-air-conditioned offices thanks to its surface-mount technology, the other harps on the benefits of the high-resolution VGA monitor the company provides. All fine. But one ad in the series jarred — the one that said: "Dear IBM, welcome back to India." When Big Blue gets going, it is going to beat the entire Indian computer coterie black and blue. Will Modi Olivetti regret its welcome?

DESIGNS ON THE MARKET

Anuj Poddar wants to eat his cake and have it too. As chief executive of the Delhi- and Malta-based Anuraj International, he is attempting to introduce designer shirts (a small, exclusive segment) in a semi-mass market manner. Recently, Poddar introduced handcrafted, Italian-designed shirts styled Bruno Sante in Delhi. But unlike other shirts in the Rs 450-900 price range, he is attempting to play the volumes game in a minor way: manufacture 300 shirts a day. This is where the contradiction comes in. The market in the future may hand him success or failure. Says he: "Yes, in a way it is middle-of-the-road."

Poddar, nevertheless, is upbeat. He first set up shop in Malta, a small island off the Italian coast. In collaboration with a local garment manufacturing company, he set up Anuraj International to make "designer suits." Through a string of retail outlets in the UK, Germany and Italy, Anuraj International established the Bruno Sante name. But clearly, even in Europe, Poddar took the middle path. Avoiding the top end of the market where world-famous players like Giorgio Armani, Byblos and Cherutti vie for the top-slot in the designer-garment fray, he took to the middle segment. Nevertheless, in India, the high label price puts Poddar directly in league with Rohit Khosla, Rohit Bal and Ravi Bajaj, today the country's leading designer-garment manufacturers.

But this is where the marketing contradiction comes in. In prices, while he is absolutely in the top range, in volumes Poddar



is talking about 300 shirts a day initially to be retailed in 11 outlets in the four cities of Delhi, Bombay, Calcutta and Bangalore. In production terms, this is not a far cry from the 500 shirts that some of the other designer-shirt manufacturers average a day. But with 50% of the total production slated for exports and with an installed capacity of 500 shirts a day, will Poddar be able to maintain the designer element? He makes a philosophical counterpoint: "I believe that clothing is too personal. All my clothes will reflect your character." Isn't that too well-designed an answer?

TEEING OFF IN BLIGHTY

It's hoping to exploit the love for a cuppa in Blighty. Hot on the heels of Balmer Lawrie's Indian Summer, here's another Indian packaged teaseller thirsting for success in the UK. Gujarat-based Ras Kamal Food & Fruits (RKFF), hitherto manufacturing jam, jelly, ketchup and syrup, is embarking on a project which is a totally different cup of tea. The company has bagged a £2.5 million export order for marketing packaged tea in the UK.

Explains RKFF director Kirit P. Vyas, who is back home after clinching a marketing deal with UK company Flintpalm: "Our strategy is to lay stress on quality, packaging and pricing." He adds: "Britishers are quality- and price-conscious."

Vyas is hoping that they will get bowled over by the lower sticker price of his two brands — Monalisa and Tazgee. RKFF's main rival in the



UK market is British company Brooke Bond's PG Tips priced at £5.50 per 1.5 kg; Monalisa will be sold at £4.10 for the same quantity.

On home turf, RKFF distributes bulk tea in Maharashtra and Gujarat and rakes in an annual turnover of Rs 10 crore. Kirit says he "plans to introduce packaged tea in the domestic market too in the near future." He hasn't ventured into this arena so far since there is "no uniformity in taste and there are a lot of brands catering to different tastes." And, moreover, "65% of the population consumes loose tea." Clearly, brewing the perfect blend for success isn't too easy.

SWEET TIDINGS

Chocolate-maker Cadbury is moving from strength to strength. Not only has it pushed up its marketshare to a phenomenal 80% (that's a 3-4% gain over last year) but it also feels that it has another long-term winner on its hands. Old brand Crackle is being revived and pushed.

Says Cadbury general manager (marketing) Vinita Bali: "As the brand has established its potential we decided to take it out of the Classic Selection range and position and promote it as an independent brand."

And so Crackle in its new *avatar* (its packaging and recipe have been changed) is in the process of being relaunched. (It was first introduced in the early seventies and, in the mid-eighties, it formed part of the Classic Selection range.)

The advertising surrounding the brand, however, has been rather low-profile, consisting mainly of hoardings on bus-stops. So it remains to be seen whether Crackle, which has up to now only been another of the 35 Cadbury products and pack sizes, acquires the solid backing best-selling brands like Cadbury's Dairy Milk, Gems and 5-star have.

Meanwhile, Gujarat Cooperative Milk Marketing Federation has taken the gift pack route for its Amul chocolates. The cooperative has rewrapped its chocolates in packaging having old-style ethnic Indian paintings. And Cadbury will also be hawking its chocolates (at fabulous prices) in attractive boxes through its upmarket retail outlet — Overtures — in Bombay to cash in on the Diwali season. Chocolate lovers are in for festive times.

DON'T ASK ME, TELL ME

First, there was Ask Me launched by Saransh Tele-info Services. It clicked, giving rise to numerous clones. Now even the imitators seem to be ringing out good business. For instance, down south, there's a strikingly similar-sounding tele-information service branded Tell Me. Launched by Visakhapatnam-based law graduate D.V. Rao and his outfit Melior Communication, Tell Me offers information on hotels, car rentals, travel agencies, liquefied petroleum gas agencies, ration card procedures and also how a new city resident can become entitled to vote.

Besides Tell Me, Rao has also moved into the yellow pages arena. Buoyed by the response, he plans to extend his area of operations to Hyderabad, Madras, Bangalore and Coimbatore. Says he: "We have received tremendous interest and response for the yellow pages but Tell Me has won us more customers." Hoping to cash in on the expertise he's gained, Rao is planning to publish an export directory by 1992. He can already hear his cash registers ringing.

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THE AROMA OF SUCCESS

Holy smoke — a Rs 20 crore turnover from agarbathis! That's right; the Mysore-based N. Ranga Rao & Sons, (NRR&S), flagship of the Rangsons group, is India's single-largest producer of agarbathis, both by value and volume. And it intends to stay on top of the heap even as sister companies diversify into areas and products synergetic with the group's expertise and distribution muscle:

- Group company Prosperity Marketing Services, currently marketing agarbathis and perfumes made in-house, is shortly to take up marketing of confectionery and herbal personal-care products made by two Mysore-based concerns.
- Efforts are under way to enter the alcohol-based perfumes market, largely untapped in India. Fragrance World, a newly-floated firm, is awaiting a licence.
- NRR&S is busy beefing up its hitherto limited presence in the northern agarbathi markets — Uttar Pradesh, Madhya Pradesh, Rajasthan and Delhi — and plugging gaps in its product range.
- Natural & Essential Oils (Nesso), presently exporting floral extracts, is considering a venture into export of ornamentals, propagated through modern bio-tech methods.

But the Rangsons group's moneyspinner and mainstay is agarbathis. In fact, of the group's Rs 20 crore turnover, over 90% comes from this item. The operating profit is estimated at 6-7% of sales.

Agarbathi-making does not involve use of machinery or power. It's a highly labour-intensive industry with low capital investments. What distinguish the men from the boys of the industry are managerial skills, marketing and distribution muscle, staying power and, not the least, in-house expertise in blending perfumes.



THE RANGSONS TOP BRASS. R. VASU (L), R. GURU & R.N. MURTHY (R): *Three in one boat*

Value for money. Unlike many other agarbathi firms which have a plethora of brands in the market at any point in time, NRR&S — a partnership concern — believes in limiting the number of brands but imbuing each with a distinct personality and presence and actively promoting them through the trade and media. The firm is one of the best-organised in the industry and has a reputation for quality. Says partner and guiding force R.N. Murthy: "We don't profess to offer customers good value for money. We practice it. This commitment to quality has been impressed on us by our father — and founder of the group — Ranga Rao."

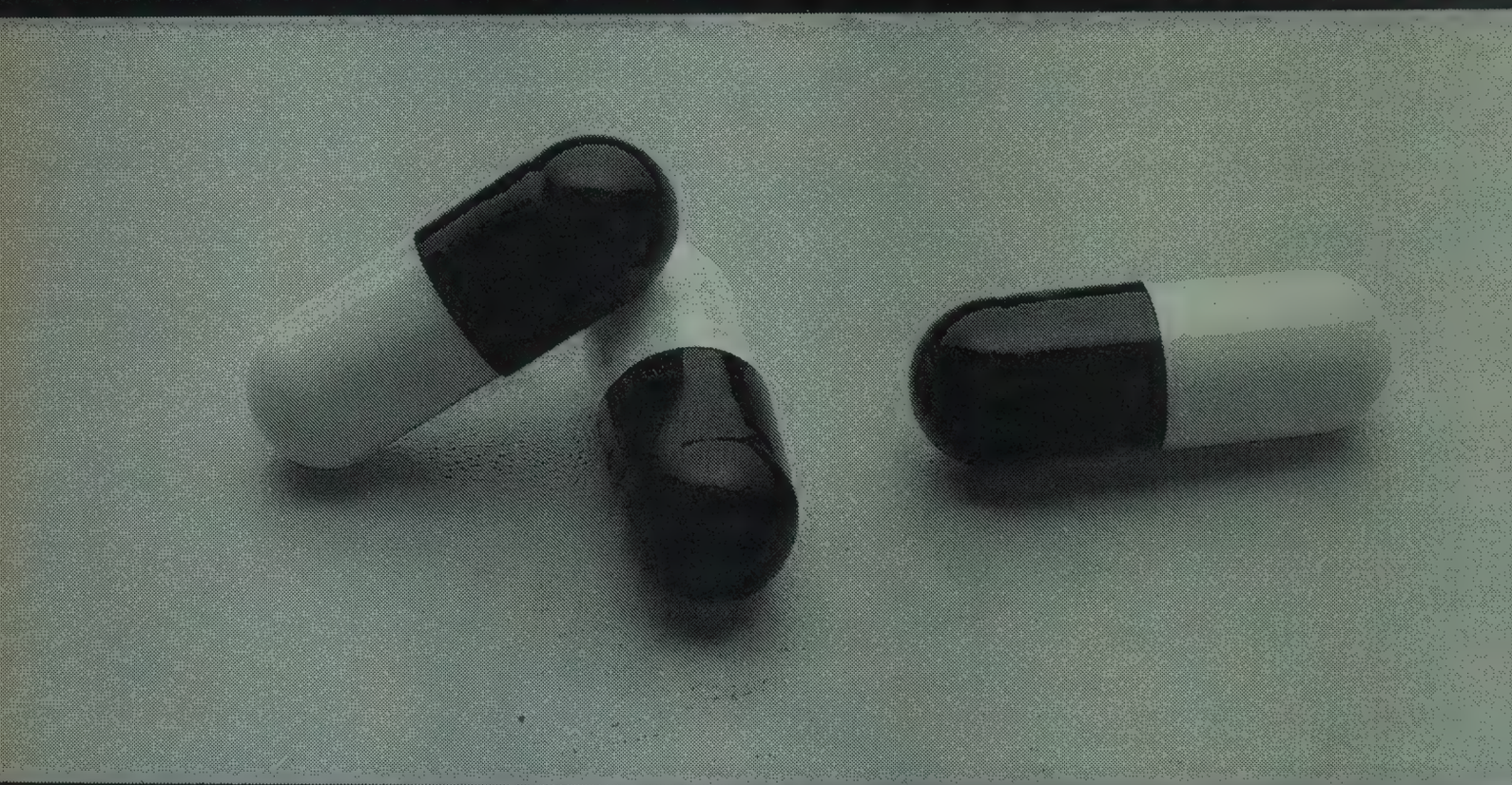
NRR&S was established way back in 1948. Ranga Rao, after trying out various lines, settled on trading in agarbathis. After learning the intricacies of agarbathi-making, Ranga Rao got into it himself. It was a long haul, but ultimately a fruitful one. A man of ideas, Ranga Rao was the first in the industry to sell agarbathis rolled up in grease-proof paper instead of in tin tubes, thus bringing down packaging costs; he was also the first to offer joss sticks in a triangle-shaped pack, and the first to come up with an up-market agarbathi brand, Sugandha Mallika, which became a commercial success, and was much imitated.

After his death in 1980, his sons carried on the business and built on it. In the mid-eighties, there was a parting of ways. The three elder brothers, Guru, Murthy and Vasu, formed one group — today identified as the Rangsons group — and the three others constitute what is known as the Vasu group. The last brother, a doctor, is not directly involved in the business. The Vasu group is into agarbathis, pharmaceuticals, chemicals, convenience foods, and runs a restaurant in Mysore. But its growth has not been as fast as the Rangsons group. Says NRR&S partner R. Guru: "We grew faster after the split." Adds his brother, Murthy: "We have been more aggressive in market extension and thrust."

THE NRR&S RANGE: *Distinct presence*



Q



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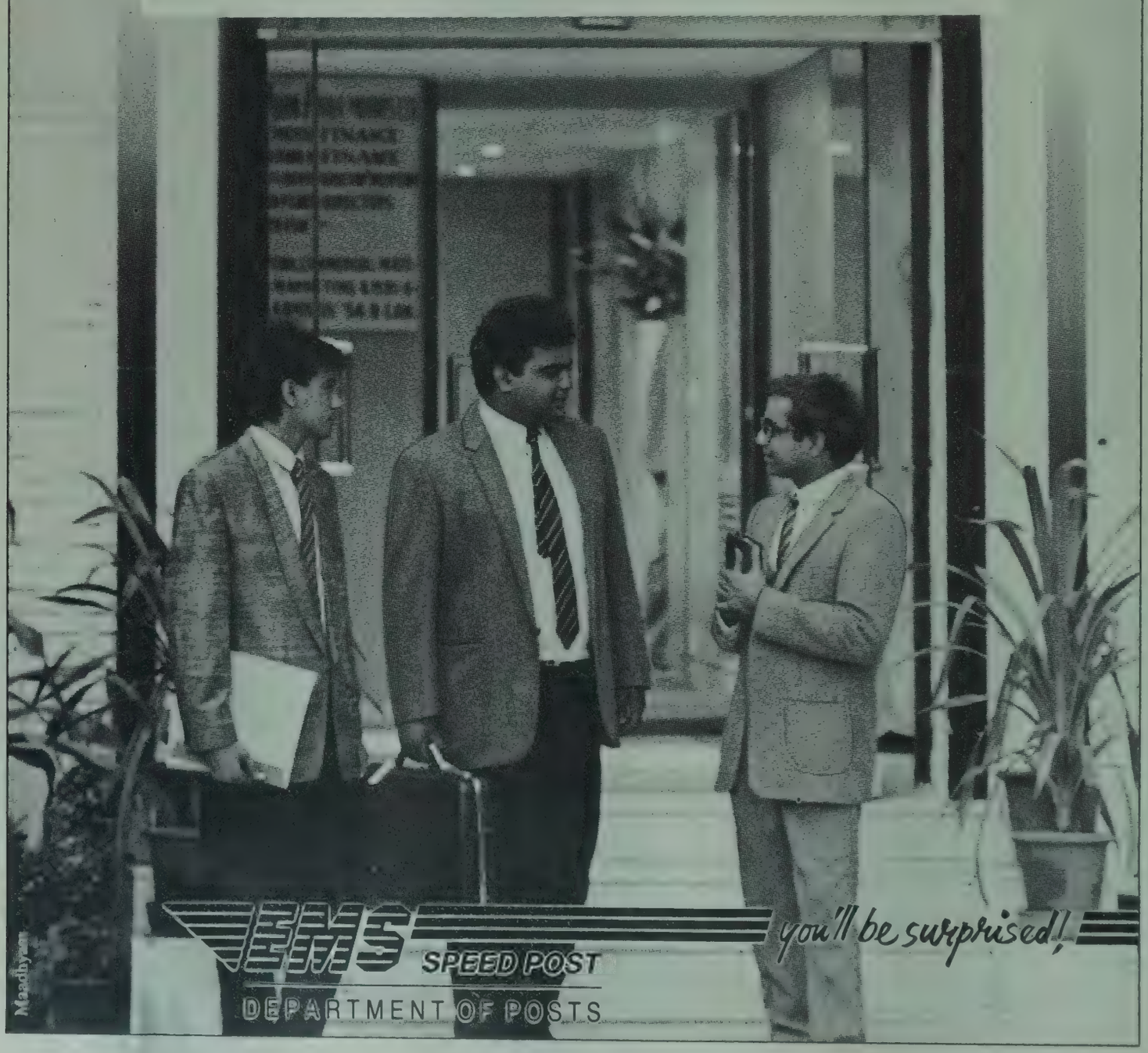
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But the separation has not entirely been beneficial to the Rangsons group. For instance, three good agarbathi brands — Heritage, Vasu Three-in-one and Vasu 100 — were lost to the Vasu group. No brand of the Rangsons group is a leader in the Karnataka markets. And ironically, the Vasu group takes its name from R. Vasu, a partner in NRR&S. This often causes confusion and an identity problem for the Rangsons group.

The Rangsons group, however, retains some of its strengths. Stockists for one — NRR&S has over 1,000 stockists, unrivalled in the industry. The firm's strong markets are in the south, Maharashtra and some north-eastern states. "We are now trying to enlarge our hitherto limited presence in the north," says Prosperity general manager (marketing) H.S. Murthy.

All the agarbathi brands of NRR&S are in the so-called popular segment: 20-25 paise per stick. Efforts are now on to fill up gaps in the product range. "We would like to be more broad-based and that means having brands in the Rs 6-7 per pack segment as well," says Murthy, who admits that some of the older brands like Cycle Mallika are losing ground to rivals. Even a recent brand, Moods, has not fared well. The moneyspinner is, of course, the Cycle brand Three-in-one, which accounts for half the firm's turnover. Incidentally, NRR&S was the first to introduce the concept of agarbathis with three distinct fragrances in a single pack, the three-in-one agarbathis. Others followed suit.

That apart, the firm belongs to the select band of agarbathi producers which blends its own perfumes. Says partner R. Vasu who heads this department: "Our advantage is that we don't have to depend on perfumery houses from whom supplies can be both inconsistent in quality and erratic. Besides, we don't bank heavily on imported aromatic chemi-

A TALE OF INCENSE

Agarbathi-making is an ancient art — and till today largely a cottage industry. It had its origin in the temple towns of Tamil Nadu, particularly Tanjore, but moved to Karnataka where it flourished for a variety of reasons: royal patronage, availability of key raw materials such as bamboo, *jigat* (a binding agent), sandalwood and its byproducts, as well as natural ingredients like herbs and *halmadi*. The tricks of the trade were passed on from one generation to the next.

In any agarbathi, the core is a bamboo stick, the burning medium could be the powder of any wood or charcoal, and the adhesive is *jigat*, derived from the bark of the tree *Machilus Macarantha*.

Production snags. Agarbathi-makers in Karnataka used to get the spentwood from sandaloil factories in the state, charcoal and *jigat* from Coorg, and bamboo from Shimoga. The scenario today, however, is different. Spentwood is no longer available, sandal sapwood has become too dear, supplies of *jigat* from Coorg have come down sharply, bamboo has to be transported from north-eastern states and Madhya Pradesh, and charcoal, likewise, has to be 'imported.' The result: the quality of agarbathis produced in Karnataka has deteriorated.

While Karnataka continues to be the top producer of agarbathis, the volume of production is coming down. Still, the industry leaders are all located in the state and the best agarbathis come from Karnataka. The All India Agarbathi Manufacturers' Association (AIAMA) reckons the number of units making "better quality agarbathis" at 500, of which 400 are in Karnataka.

Standardisation. Precise estimates of the industry's turnover are simply not available. The National Council for Applied Economic Research (NCAER) places it at Rs 750 crore in 1989-90. Informed sources estimate it at Rs 600 crore (both branded and unbranded agarbathis) while the AIAMA's guesstimate is a low Rs 200 crore, of which Karnataka's share is Rs 150 crore. Interestingly, the agarbathi manufacturers — particularly the more sophisticated ones — started orienting themselves to the "needs of the marketplace" only in the seventies. This resulted in standardisation of length, thickness, burning quality, packaging innovations, besides introduction of the concept of "bouquet" perfumes. Firms also started showing interest in improving distribution, sales promotion techniques and brand promotion.

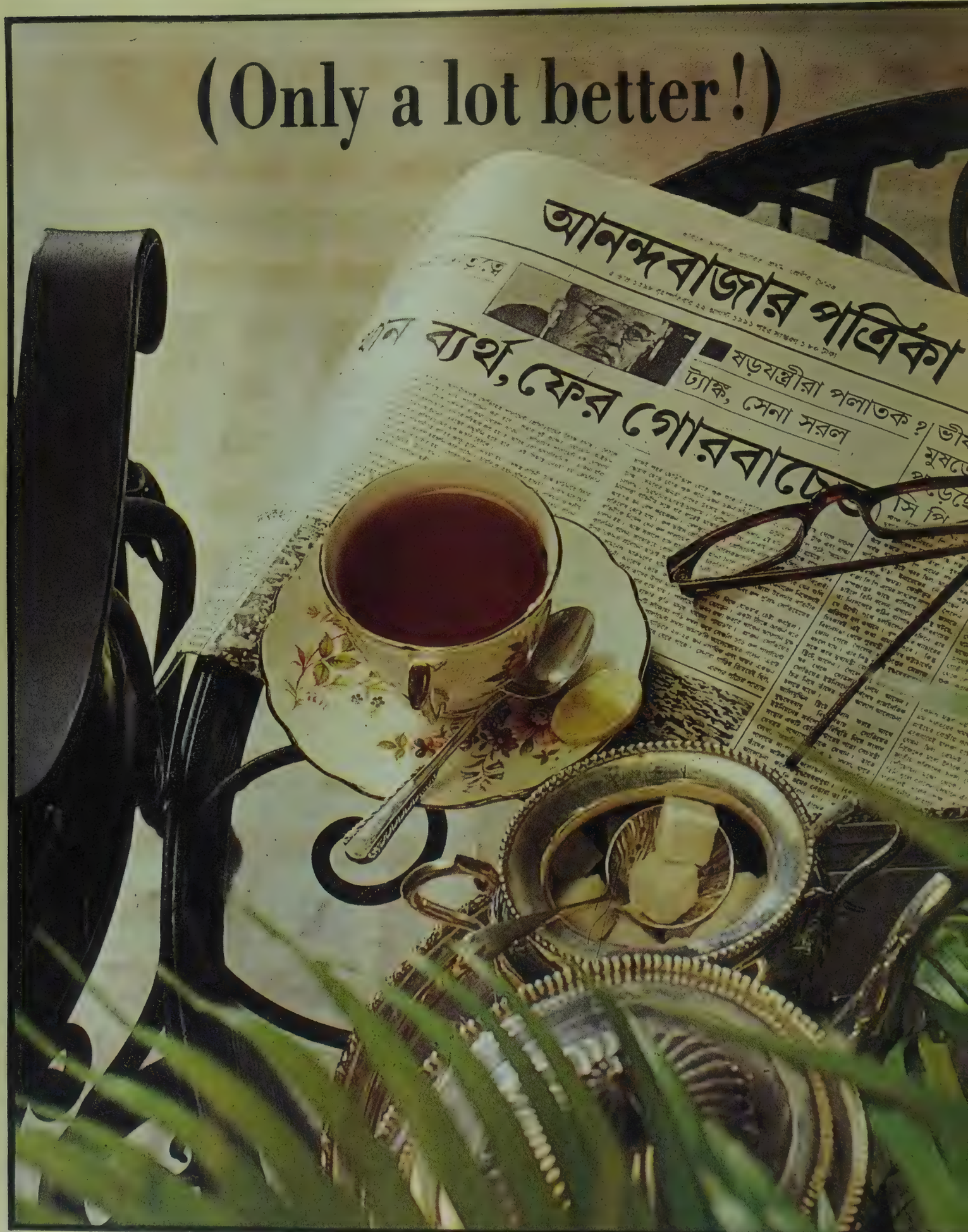
The industry's major concerns are non-availability of forest-based raw materials, high excise duty (around 16%) on aromatic chemicals, essential oils and resinoids (the import duty on the same items works out to 185%) and levy of multi-point turnover tax and sales tax which varies from state to state. The AIAMA estimates the overall increase in cost of production in 1991 at 20-25%. In view of the employment potential and foreign-exchange earning capabilities, the agarbathi industry has been pleading for permission to take up commercial plantation of bamboo and the tree *Machilus Macarantha* (for *jigat*), import of needed inputs at reasonable rates and export incentives. But there has so far been no positive reaction from the government, says a AIAMA spokesman. Agarbathis are obviously low priority.



A WOMAN ROLLING AGARBATHIS: *An age-old tradition*

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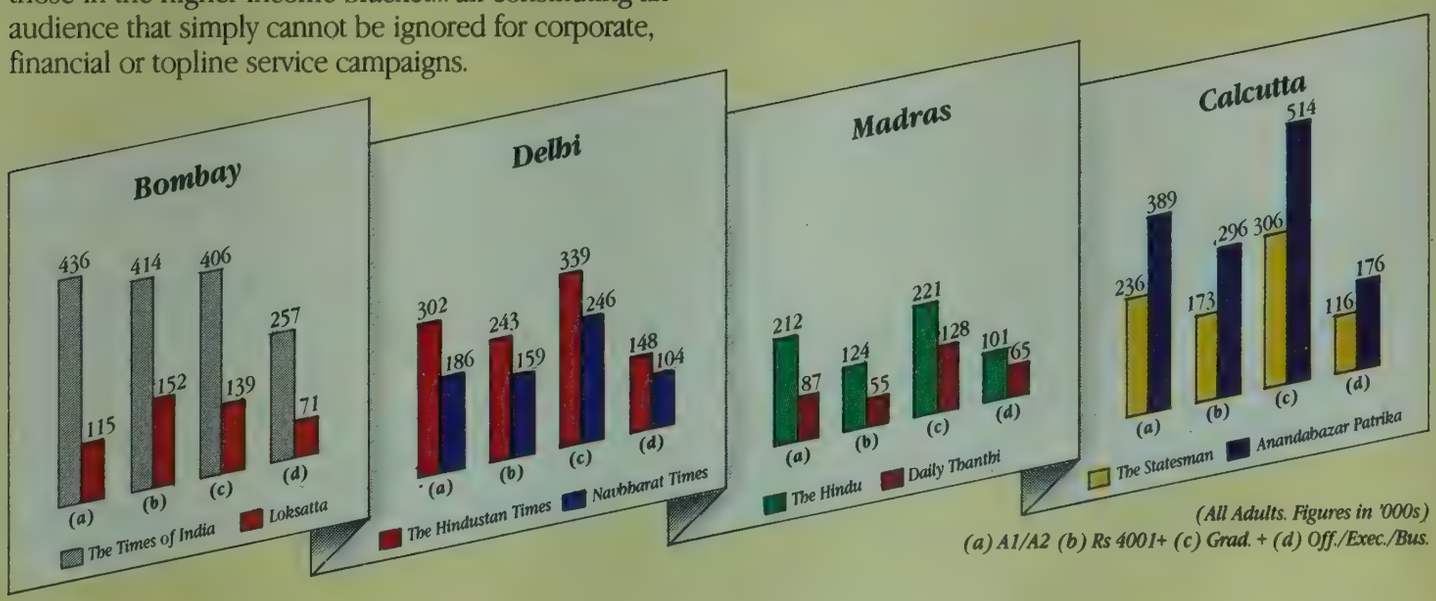
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	BOMBAY	1015	TOI	41
GRADUATE +	CALCUTTA	961	ABP	53
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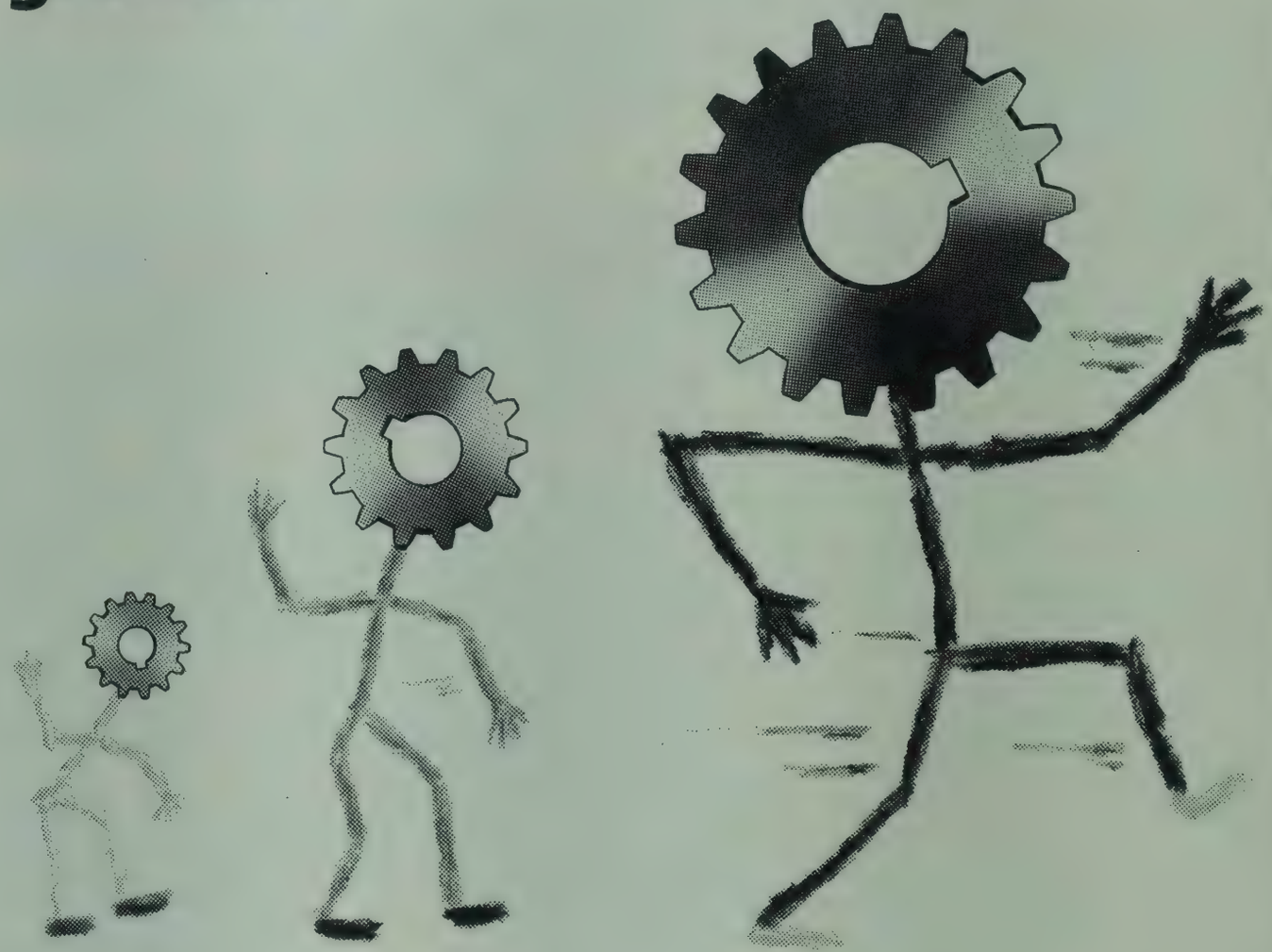


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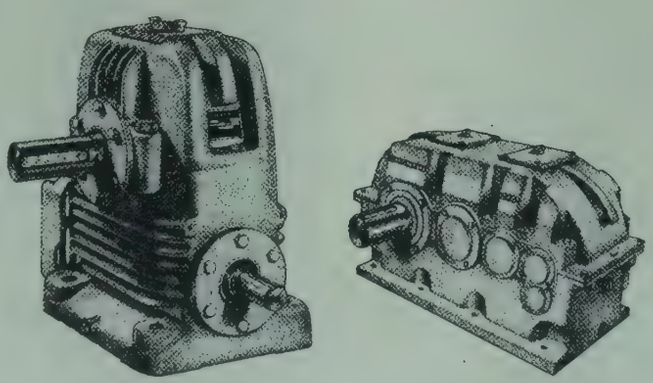
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cals and essential oils, the costs of which are prohibitive. What we are trying to do is cut costs by developing indigenous substitutes."

A limited success. The in-house perfumery skills and the wide distribution network prompted NRR&S to move into perfumes, both body perfumes and aerosols made under the aegis of Rangsons Perfumes. The foray, restricted to the southern markets, has been a limited success. "High packaging costs and unscrupulous competition from firms in Bombay and Delhi are two of our major constraints," says Vasu. Another is lack of an alcohol licence. Once that comes — an application has been made by a sister concern, Fragrance World — the group can start making alcohol-based perfumes, still a virgin market in India.

The Rangsons group is also into export of natural floral extracts. The business is handled by Nesso in which NRR&S has a 50% equity stake. Nesso exports concentrates and absolutes of jasmine and tuberose — raw materials for fine alcohol-based perfumes — to Europe. Currently, exports are to the tune of Rs 1 crore and are expected to touch Rs 1.5 crore in 1991-92. But Nesso faces stiff competition from a number of solvent-extraction units in Tamil Nadu; besides, the export market is small and somewhat uncertain. Therefore, according to Nesso's director and original promoter T. Gowri Shanker, the firm is thinking of moving into export of ornamentals, employing micro-propagation methods for their production. It could well afford to do so, considering that it has 120 acres at its disposal.

A seemingly unrelated diversification of NRR&S is electronics. "We got into it to help a family friend," explains R.N. Murthy blandly. The firm — VCT Labs — turns out electronic components for original equipment manufacturers such as TVS Electronics and Larsen & Toubro. VCT Labs' current turnover is Rs 12 lakh, and the company is expected to break even some three years from now.

Meanwhile, Prosperity Marketing is gearing up to market some consumer products made outside the group. Among them are confectionery made by the Mysore-based J.D. Gangarams and sold under the brandname Sony; and herbal personal-care products like pain balm and hair oil made by another Mysore-based firm. "In confectionery, we would like to upgrade the product and packaging, and launch it in select southern markets to start with," says Prosperity Marketing's H.S. Murthy. According to him, negotiations for marketing the pain balm — Suraksha — are in the final stages. It's debatable how successful the efforts to market these products will be, considering the Rangsons group's poor track record in marketing products made outside the group.

In the final analysis, what are the strengths and weaknesses of the Rangsons group? Informed monitors opine that it scores high on management skills — a blend of family and professionalism; business ethics; and commitment to quality and the consumer. Relations with stockists are excellent and, unusually, NRR&S does not demand huge deposits from them.

N. Ranga Rao & Sons may be the single-largest producer of agarbathis. But with production costs spiralling and a shortage of raw materials, there isn't any growth rate worth talking about

On the minus side, the group is financially highly-conservative, slow in launching new products and leaden-footed when it comes to exploiting business opportunities. Major decisions are often centralised in one person: R.N. Murthy. And though NRR&S' turnover has been increasing in absolute terms, the growth rate is falling. Besides, drastic increase in agarbathi production is not easy because, being a cottage industry, it involves marshalling and management of enormous human resources.

Price-sensitive products. Worse, the agarbathi industry is itself caught between spiralling production costs on one hand and shortage of key raw materials — all forest-based produce — on the other. Since it's a non-essential product and consumer involvement is low, it is highly price-sensitive. Says R.N. Murthy: "With prices shooting up, consumers are buying less; (as a result) our sales have dropped in the past six months." Changing lifestyles and western orientation of Indian society could also threaten the industry.

In any crisis, of course, the market leader is the last to be affected. In spite of the hue and cry over raw material shortages, the agarbathi industry faces no immediate threat to its survival. NRR&S, for one, is quite optimistic about prospects. Says partner Guru: "I don't see why we cannot remain No 1 in the business for the next decade." The smoke signals don't say otherwise.

□ N. Raghavan

N.R. HOUSE: *The right formula*



JIL'S MEGA-DREAMS

It has a solid basis for its success. Ever since the Delhi-based Jaiprakash Industries Ltd (JIL) went in for cement, it has been building a strong foundation for itself. The company is now ready to enter the big league. Says JIL chairman and founder Jaiprakash Gaur: "Our turnover should cross Rs 1,000 crore in the next three years." Having already reached the halfway mark in 1990-91, the boardroom is buzzing with activity and various mega-plans have been drawn up to take the great leap forward.

JIL's decision to go in for expansion when there was a glut in the cement market has paid off. With cement prices looking up, JIL is enjoying the fruits

It will be a leap in a different direction — power generation and hotels, for instance. Gaur, a civil engineer by profession, knows the advantages of spreading his eggs in different baskets. His initial sortie was in construction when he flagged off a small partnership firm in 1972. By 1976, it had chalked up a turnover of Rs 10 crore and was converted into a public limited company. And, by the early eighties, he was constructing a different future.

"Though there is big potential in the construction business, there is a limitation to growth because of non-availability of good engineers," says Gaur. According to him, the cream of the talent is siphoned off outside the country and to other professions because of the tough life a civil engineer leads. "Getting a good, young civil engineer to work for you is a difficult task today," says he.

Thus he launched his Rs 146 crore, 1 million tonnes per annum (tpa) cement project at Rewa (Madhya Pradesh) in 1983. Handling the construction himself, he set up the plant in a record 27 months. Soon after, he merged his cement company — Jaypee Rewa Cement — with the construction outfit — Jaiprakash Associates — to form JIL. "The idea was to make the company profitable from day one," says Gaur. "Otherwise, the cement plant would have generated losses in the initial years."

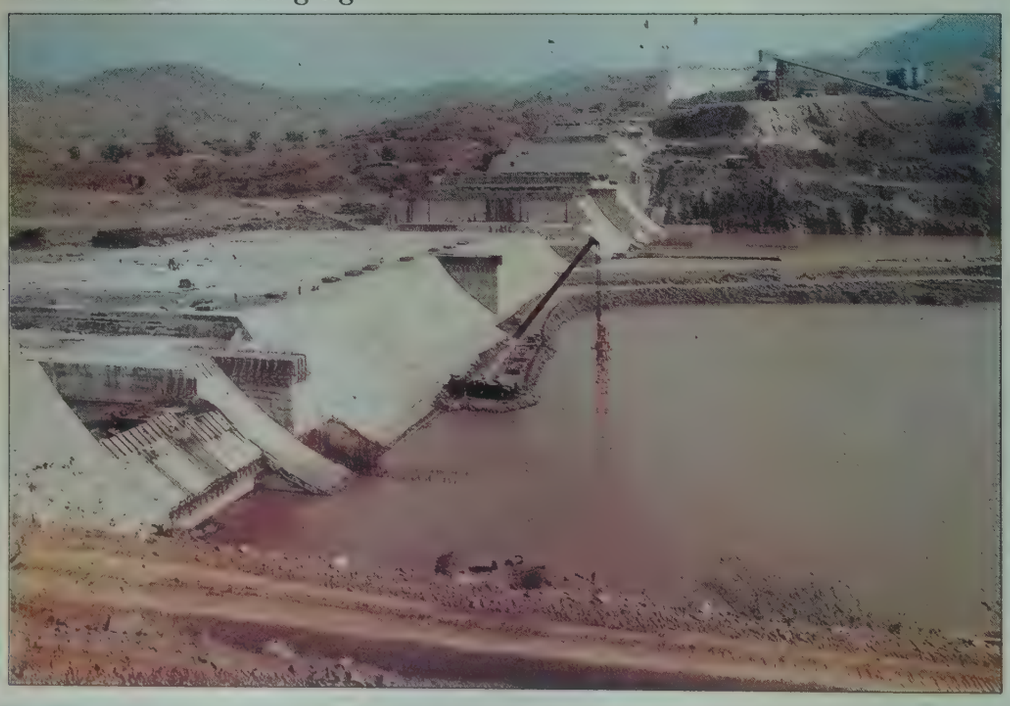
It worked out as planned. When most cement companies in the country were making losses, JIL showed a small profit of Rs 1.78 crore on a turnover of Rs 131 crore, thanks to its construction division. Prior to the cement plant starting operation, the company had made a huge profit of Rs 14.26 crore in 1986, on a turnover of Rs 115.09 crore. The sharp decline in the profitability ratio from 12.39% to 1.36% between 1986 and 1987 was because of the commissioning of the cement plant which hiked the interest cost from Rs 9.64 crore to Rs 22.70 crore and depreciation charges from Rs 10.81 crore to Rs 16.97 crore. And this was despite the fact that capacity utilisation in the first year itself was 67%.

Looking ahead. Full capacity utilisation in the second year brought little cheer; there was a glut in the cement market. But JIL looked ahead; it decided to increase capacity. "We went in for expansion against the industry trend as we foresaw a demand-supply gap in the future," says Gaur. With the commissioning of additional capacity at the same site in April this year, the installed capacity of the company today stands at around 2.5 million tpa. And because of the common infrastructure, the expansion cost just Rs 135 crore — a saving of around Rs 75 crore.

Today, that foresight is paying off. With cement prices looking up, JIL is enjoying the fruits. The bottomline of the company has shot up to Rs 38.12 crore with turnover crossing the Rs 500 crore mark in 1990-91, against a profit of Rs 16.70 crore in 1989-90 and Rs 7.46 crore in 1988-89. As a result, the net profit to sales ratio has also looked up, from 3.12% in 1988-89 to 5.09% in the next year and further to 7.52% in 1990-91. And the best is yet to come.

Cement prices have firmed up further in the current year, which will mean more moolah in the company's kitty. Moreover, the new cement plant, which commenced production in the current financial year, will be able to break even at lower capacity utilisation. For the full year ending March 1991, the company expects to record a turnover of above Rs 600 crore of which Rs 375 crore will be contributed by the cement plants, against Rs 134 crore in the previous year.

THE VADGAN DAM: *Thinking big*



Big plans. Gaur has big plans to consolidate his position in the cement industry. A third cement plant with a capacity of 1.4 million tpa is being set up. This will take JIL's total capacity to 4 million tpa. The company will be investing about Rs 200 crore in the next two years on this project.

That's not all in the cement foray. There are plans to promote a new company for implementing another cement project in the joint sector in Assam. JIL will be a co-promoter with Assam State Industrial Development Corp for this Rs 200 crore project having a capacity to produce 1 million tpa of Portland cement.

Increased emphasis on cement does not mean a go-slow on its construction division. "We are not moving with much pace in construction because we do not want to lose on quality. Our aim is to achieve a growth of 25% a year in construction and 75% in other businesses," says Gaur. In this arena, the company's name has been well established, especially in mega construction projects. JIL has the unique privilege of constructing five concrete gravity dams simultaneously. These include the Rs 360 crore Sardar Sarovar project across the Narmada river, the Rs 160 crore Lakhwar and Vyasi dams over the Yamuna, the Rs 90 crore Chamera dam over the Ravi and the Rs 29 crore Vadgan dam for the Sardar Sarovar project.



ONE OF JIL'S CEMENT PLANTS: *Bright prospects*

"We have pre-qualified for construction jobs worth Rs 2,000 crore and are capable of executing projects worth Rs 500 crore every year," says Gaur. The company has construction projects worth Rs 800 crore in hand at present and is happier implementing them rather than chasing new mega construction projects. The turnover from this division in the current year is expected to be lower at Rs 225 crore as against Rs 373 crore in the previous year, thanks to delays in some domestic dam projects due to environmental protests, and the termination of some Iraqi contracts.

The company had completed two construction projects in Iraq — a canal and a sewer at Baghdad — and was engaged in completion of a sewerage project at Basra. Due to the Gulf war, however, the project had to be foreclosed. "But we will not suffer any losses on account of this," claims JIL managing director S.C. Dixit. According to the financing agreement with the client, the company is fully guaranteed by the Rafidian Bank of Iraq for repayment of receivables in US dollars with interest.

After the war, the company submitted its bills to the authorities. The total receivables due to the company are estimated at $168 million. The Iraqi government has constituted a committee to look into claims and some bills of the company have been cleared. "We are the first company to get a part of our bills cleared," says Gaur. The management is hopeful of an early clearance of all its bills. However, without considering the bills pending acceptance, the company has a net project surplus of Rs 25 crore after adjusting all loans and liabilities of the Iraqi projects. The project surplus will shoot to over Rs 170 crore once the pending bills are cleared. But this could take some time.

New forays. The company has some mega diversification plans also. With its rich experience in timely execution of major hydroelectric power projects and the government policy of privatising the power sector, JIL has plans to enter hydroelectric power generation. The company is confident of clinching a deal with the Himachal Pradesh government for setting up a 300 Mw power project. "The project cost will be around Rs 900 crore and it could be implemented within five years," says Dixit.

Another area being eyed by JIL is tourism, where the group already has a presence. The company will construct hotels at tourist spots. These hotels will be owned by JIL and run by sister concern Jaypee Hotels. "It is a less profitable project. The profit made in 10 years in a hotel is equal to the profits of one dam project. But it gives a status," says Gaur. The company has already acquired 25 acres at Agra and construction work is to commence soon.

But Gaur has not had happy experiences in the hotel industry. In 1979, Jaiprakash Enterprises, a company floated by Gaur, set up the five star Hotel Siddharth in Delhi. Another of his companies Siddharth Intercontinental Hotels promoted the five star Vasant Continental. However, just as the first project was about to break even, there was a major fire at the second hotel, which killed 36 guests. It gave a big financial jolt to the company aside from considerable adverse publicity.

Gaur merged both the companies and restarted the second hotel in 1990. The new company — Jaypee Hotels — has now started making some profits. "We will be able to pay dividends from the current year, with both the units making profits," says Gaur.

But he is keeping his fingers crossed. In his diversification efforts, one was a success, the other a baptism by fire. But Gaur feels he is a much more tempered man today to take his group towards its four-figure turnover destination.

□ Shashi Shekhar

JAIPRAKASH INDUSTRIES

(Rs crore)

	1986	1987	1988-89+	1989-90	1990-91
Total turnover	115.09	130.99	239.14	327.79	507.09
Interest	9.64	22.70	32.86	35.92	50.13
Depreciation	10.81	16.97	21.36	22.16	38.26
Net profit	14.26	1.78	7.46	16.70	38.12
Equity capital	60.96	65.62	65.97	65.99	69.99
Reserves	59.07	51.17	51.37	58.52	86.15
Gross block	214.04	238.38	272.46	385.06	339.45
Net profit/sales (%)	12.39	1.36	3.12	5.09	7.52
Earning per share (Rs)	2.34	0.27	1.13	2.53	5.45

+ 15-month period
Source: Balance-sheet

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HICO'S COMEBACK TRAIL

It stayed on "sweet sixteen" for four consecutive years; from 1979, when it went public, to 1982, Hico Products kept its shareholders happy with a 16% dividend. But just as the company was expected to mature into adulthood, it went for a toss. Save for a paltry 10% solace in 1985, Hico and the dividend list were strangers till 1990.

Now, however, there seem to be some signs that the speciality chemicals manufacturer may be turning the corner. Post-tax profit for the year ended March 1991 stood at Rs 65 lakh compared to a Rs 2.14 crore loss in the previous period. And the long-suffering shareholders have been rewarded with a 12% dividend.

"Hico cannot be written off," says managing director S.D. Dhamankar. He sees the company crossing the Rs 100 crore turnover mark in another three years (at present it has reached the halfway mark). If everything goes right, that is.

It hasn't all these years. In the past six years, the company has experienced three disasters: a fire at its Kharsundi (Raigad) factory (loss: Rs 40 lakh); flood damage to the Khopoli plant (loss: Rs 70 lakh); and a fire last year, again at Khopoli (loss: Rs 1 crore).

The gods have not been kind. But the management, too, has contributed to disasters of another kind. As part of a backward integration project, Hico set up the Kharsundi plant in 1981 to manufacture chlorosilan — an import substitute — which goes into the making of silicones. But when the unit went on stream, the product had no takers as the imported variety was cheaper. Says Dhamankar: "The government-promised price-protection never really happened." The result: the Rs 8 crore plant had to lie idle for over three years. Even today, though the plant manufactures other chemicals, financially it is yet to get on a firm footing.

Another problem has been the internecine family feud between the cousins Dhamankars and the Abhyankars. Hico was set up in 1947 under the label Home Industries & Co by Dhamankar's father Dattatre, a technocrat-turned-entrepreneur. The outfit then operated out of the backyard of the house where the cousins lived in Mahim (Bombay). A decade later the name of the company was changed to the present one. As business grew, the factory premises were shifted to a newer site in the same vicinity and so did the mantle of running the business to the next generation — M.D. Dhamankar and Gopal Abhyankar.

All went well for the next two decades. Turnover touched Rs 13 crore in 1979, when the company entered the capital market with its maiden equity issue. The new entrant to the board was the Apte group (which has interests in textiles and pharmaceuticals). The Aptes were "family friends."



DHAMANKAR: *Reducing imports*

Though Gopal Abhyankar and M.D. Dhamankar were joint managing directors, the former held more power. But this did not last for long. Gopal's demise in 1981 paved the way for the Dhamankars to assert themselves with their 30% equity holding compared to the 22% held by the Abhyankars.

A bad phase. The rumblings began. This gave rise to a lot of bad blood and the subsequent years saw the two warring factions at loggerheads. All this coincided at a time when the company's diversification had proved a non-starter and its plants met with disaster. "When a company passes through crises, it has to have a consolidated management," says Dhamankar.

The Abhyankars finally threw in the towel last year by hawking their stake to the Chokseys of Asian Paints who in turn sold it to the Aptes. "The intention behind selling their (Abhyankars') holding to Asian Paints was to provoke the latter into taking over the company," says a company insider. But that, fortunately for the Dhamankars, did not happen.

Now, with the internal bickering over, what is in store for Hico? A favourable factor is that the company's products cater to a dozen industries such as textiles, cosmetics & toiletries, leather, paints, pharmaceuticals and pesticides. Hence the risk of being hit by a recession which may grip these industries is spread out.

For the future, Dhamankar plans to stick to the knitting and concentrate on manufacturing products which cater to industries such as leather, pesticides and plastics. "These are growth areas of the future," says he.

Besides, backward integration is also on the cards. Though Dhamankar is chary of dwelling on specifics, according to him, at present about 30% of the total material costs is accounted for by imports. He plans to reduce this "substantially with constant R&D effort."

As regards financial performance for the year to March 1991, the company clocked a turnover of Rs 50.43 crore (Rs 50.19 crore in the previous year). Inventories figure at Rs 9.18 crore and sundry debtors at Rs 11.56 crore. For the year to March 1992, Dhamankar hopes to touch a more realistic figure of Rs 60 crore in turnover before polevaulting to Rs 100 crore by 1994. Going by the company's growth rate in turnover over the past few years, Hico seems to have set its sights very high. But, if it manages to shed its disaster-prone mantle, it could get there.

□ Roy Pinto

■ **JK Synthetics** is facing problems with its creditor banks with the latter clamping down on fresh funds, according to *Business Standard*. The report states that cost overruns in the implementation of the company's Jhalawar project are largely responsible for the company's woes.

■ Bangalore-based **Murudeshwara Ceramics** has chalked up a Rs 37 crore diversification plan. The company proposes to set up a project to manufacture sintered ceramic tiles in collaboration with a leading Italian company.

■ The five-member Pharmaceutical Business Group (**PBG**) has tied up with Yu-Han Corp of South Korea for the revival of Gujarat Themis Biosyn, which it had acquired in May. The group comprises pharmaceutical-makers Lyka Laboratories, Themis Chemicals, Cadila Laboratories, Kopran Chemical Co and Anant & Co.

■ East India Hotels Ltd —**EIHL** — (of the Oberoi chain) plans to diversify into the manufacture of edible oil and processed food at an investment of around Rs 50 crore over the next three years.

■ Usha Martin Industries Ltd (**UMIL**), the flagship of the B.K. Jhawar group, is to set up a new sponge iron project somewhere in Orissa at an estimated cost of Rs 250 crore, according to *Business Standard*.

■ The civil aviation ministry has asked the public enterprises selection board (PESB) to select a new managing director for **Vayudoot**. The ministry is expected to finalise the appointment by 1 November.

■ The Industrial Credit & Investment Corp of India (**ICICI**) has drawn up a package enabling a workers' cooperative to run the ailing Mafatlal Engineering India Ltd (**Meil**), which has been under lockout since May 1989. Under the package, 63 acres of surplus land is to be sold to bring in Rs 48 crore as interest-free funds.

■ Rashtriya Chemicals & Fertilisers (**RCF**) has drawn up an ambitious programme for expansion and diversification, involving several new projects, for the eighth five-year plan. The estimated investment for the programme is Rs 2,300 crore.

NEWS BRIEFS

■ A consortium of Indian companies led by the **RPG** group is seeking a tieup with Sumitomo of Japan for the export of fresh fruit and vegetables, particularly Alphonso mangoes, to that country, according to *The Business & Political Observer*.

■ The **UB** group has set up a Rs 10.5 crore bulk drug plant on a five-acre site at Tumkur, 70 km from Bangalore. The plant will operate as a division of UB.

■ Drug company **Wockhardt** is diversifying into a new area — speciality hospitals. Wockhardt is promoting a new company for establishing a string of such hospitals in different parts of the country. The first such hospital will be set up at Bombay soon.

■ BAT Industries, which holds a 34% stake in **ITC**, might consider increasing its holding in the latter company, according to ITC chairman J.N. Sapru. This is subject to suitable policy announcements by the Union government, says he.

■ Tata Engineering & Locomotive Co (**Telco**) has finally made its entry into the car market. The company recently soft-launched two of its long-expected models — Tata Estate and Tata Sport.

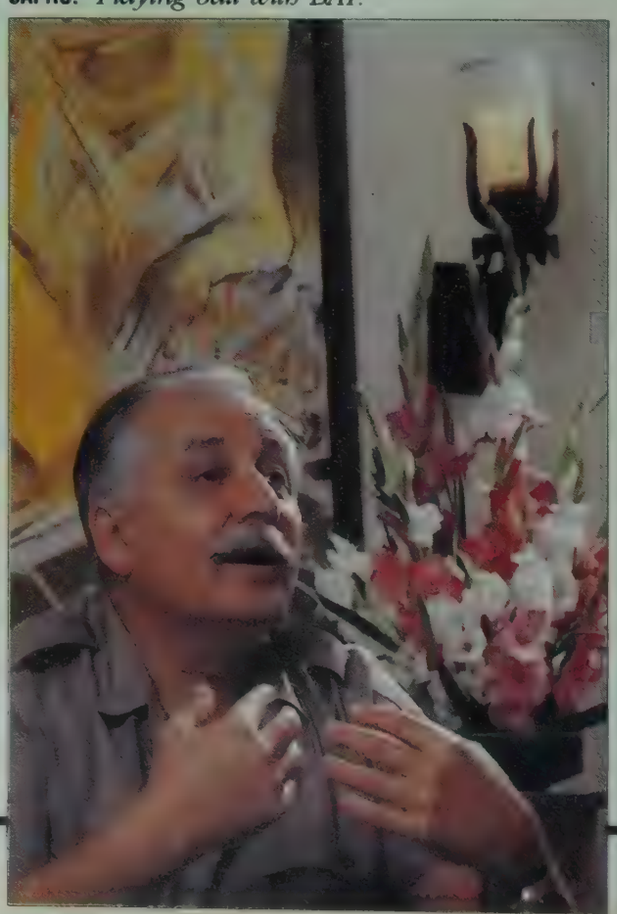
■ Dunlop India Ltd (**DIL**) has made an application to the Union government for setting up its third tyre plant (in Maharashtra) for the manufacture of all-steel radial truck tyres.

■ US car giant **Ford Motors** is exploring the possibility of setting up a car project in India, according to *The Economic Times*. Ford first plans to set up some smaller joint ventures in India before going in for the car project.

■ **HMM**, owner of the Horlicks brand, has changed its name to SmithKline Beecham Consumer Brands with effect from 16 September.

■ The Khatau group's footwear unit **Carona** is floating a new export-oriented company styled Carona Leathers. The Rs 47 crore project will manufacture lightweight leather shoes for formal wear with technology from Eccolet Sko of Denmark. The company is awaiting government approval for the project.

SAPRU: *Playing ball with BAT?*



■ The Board for Industrial & Financial Reconstruction (BIFR) has drawn up a Rs 56.80 lakh rehabilitation scheme for **Coromandel Steel**. It envisages the removal of sectional imbalances in production facilities and modernisation and upgradation of existing production- and material-handling facilities, among other things.

■ **Wimco** has bagged an order worth over half-a-million dollars from the US for processed fruit.

■ Madras Refineries Ltd (**MRL**) and US-based Titan Chevron Chemical have formed a joint venture to implement a Rs 48 crore project at Manali. The products to be manufactured are detergent-dispersant additives.

■ L.M. Thapar is on a diversification drive. Group company **Greaves Cotton & Co** is setting up a new project to manufacture autorickshaws in Baramati (Maharashtra). The Rs 25



THAPAR: *Rickshaw diversification*

crore project will have a capacity to manufacture 30,000 autorickshaws per annum.

■ **Plexchem Asia,** a $300 million turnover Hongkong-based distributor of plastics and chemicals, will be setting up a joint venture in India to manufacture cross-linked polyethylene (XLPE). The Indian partner for the project has not been finalised.

■ **Grauer & Weil** is diversifying into speciality chemicals used by the oil and gas industries. The company has developed in-house an acid corrosion inhibitor used in oil well stimulation. This has been approved by the Oil & Natural Gas Commission (ONGC), which has placed an initial order for 27 tonnes to be executed in three months.

■ The Centre is likely to clear the much-delayed Rs 1,725 crore **aromatics project** promoted by MRL and the Southern Petrochemicals Corp. According to MRL chairman & managing director H. Krishnamurthy, the project was before the government for cabinet approval.

■ Hyundai Heavy Industries (**HHI**) of Korea may shortly submit a proposal for manufacturing automobiles in India, according to HHI senior executive vice-president Choong Seung Ahn.

LAUNCHED

■ Bombay-based **Investwel Publishers,** the company which brings out *Capital Market* magazine, have launched yet another fortnightly called *Capital Market Technicals.* The 72-page magazine is entirely devoted to the study of share price patterns. It also carries around 150 charts giving the price movements of actively-traded scrips along with the interpretation of the price movements.

■ **Air India** has announced a new scheme under which passengers travelling on its services abroad will be eligible to participate in draws entitling winners to free tickets. The scheme, called Mahalucky Rajah, will be operative from 20 September to 30 November and will be applicable to all passengers who have purchased their tickets in India.

■ Child Relief & You (**Cry**), a public trust supporting voluntary organisations working with deprived children, has come out with various products for 1991-92; among them are a telephone and address book, desk calendar, greetings cards and calendars. The proceeds from the sale of these products will be used to finance various projects supported by Cry.

For further details contact: Child Relief & You, Anand Estate, 189/A, Sane Guruji Marg, Bombay 400 011. Tel: 3091151/6472/845.

■ Madras' only garden hotel, Trident, has lined up a new facility for its guests — the Trident City Lounge — on Mount Road, the city's business hub. The facility is meant to serve as a useful contact point in the city and offers a number of services including secretarial aid, fax, telex, telephone and other allied services.

EVENTS

■ The Central Institute of Professional Management is organising a national convention on 'Low Productivity and High Cost — The Managerial Challenge' on 7 and 8 November at New Delhi. The convention is being organised to deliberate on various problems of low productivity and high cost and to evolve practical strategies for unit-level implementation.

For further details contact: Central Institute of Professional Management, C-3 Baba Apartments, Raju Colony, Balanagar, Hyderabad 500 042.

■ Sydenham Institute of Management emerged as the winner of



THE SYDENHAM TEAM WITH THE TROPHY: *Quiz kids*

BusinessWorld's **BisQuiz '91,** an inter-management college business quiz. Jamnalal Bajaj Institute of Management came in second place.

AWARDED

■ **Govind Rubber** has bagged two awards for its export performance in 1990-91. They are the Special Export Award instituted by the All India Rubber Industries Association (AIRIA) and the Chemical & Allied Products Export Promotion Council's (Capexil's) certificate of merit.

■ *Marketing Management in the Indian Context,* a book jointly authored by Fertilisers & Chemicals Travancore general manager V.S. Ramaswamy and S. Namakumari, a former sales manager in the same organisation, has bagged the DMA-Escorts Book Award. The book has been adjudged as an outstanding contribution to management thought and practice by Indian authors. Published by Macmillan, it deals with Indian markets and the Indian business environment.

NEWS BRIEFS

■ Standard & Poor's (S&P) has removed the **credit watch** from India's long-term credit rating, which had been lowered twice this year and had reached a critical stage of BB. India would have faced disastrous consequences with regard to international borrowings if the rating had gone below BB.

■ The bottomlines of commercial banks are likely to take a beating following the 0.5% increase in the **coupon rates** of government securities to 12%. This move is reported to have driven down prices of existing securities in the secondary markets.

■ Fairgrowth Financial Services (FFS) may take over the Kerala-based private sector **Nedungadi Bank** and enter the banking field according to *The Economic Times*.

■ **Canara Bank** has signed a BFr 500 million (Rs 68 crore) line of credit with Belgium's leading bank, Generale Bank. The credit is to enable Canara Bank to finance the import of capital goods of Belgian origin for medium-sized companies in India. The Generale Bank is also reported to be willing to extend the credit line by another BFr30 million in the form of suppliers' or buyers' credit.

■ In a bid to regulate the artificially-manipulated premia on forward covers, the Reserve Bank of India (RBI) has stopped the spot sale of the **US** dollar on the inter-bank foreign exchange market.

■ The RBI is reported to have submitted a scheme for the setting up of a **gold bank**. According to *The Business & Political Observer*, the proposed bank will accept fixed deposits of gold for five years at a rate of interest worked out on the basis of the average price during the past 12 months.

■ The Industrial Credit & Investment Corp of India (**ICICI**) has finalised arrangements to channelise a $150 million line of credit from the Asian Development Bank (ADB) for 15 export-oriented projects in India. ICICI is also reported to be negotiating a tieup for a DM100 million (Rs 140 crore) line of credit with KFW, a German development bank.

■ In a bid to attract non-resident Indian (**NRI**) investments, the RBI has allowed Indian companies engaged in housing finance, real estate and infrastructure development to offer NRIs and overseas corporate bodies 100% equity in new issues. At present, Indian companies can offer not more than 5% of the paid-up capital in a new issue.

■ Turning down the demand for setting up a joint parliamentary committee to probe into the activities of the Indian operations of the scandal-ridden Bank of Credit & Commerce International (**BCCI**), the government has directed the RBI to undertake a comprehensive enquiry into the same. The Central bank has ordered a special audit by Billimoria & Co to investigate all accounts of the BCCI since 1983.



BCCI: *Investigation gathers pace*

■ The RBI has raised the minimum period for accepting deposits by non-banking financial companies (**NBFC's**) from six months to over 24 months and the maximum period from 36 months to 60 months. The requirement to maintain liquid assets in the form of bank deposits by hire-purchase and equipment leasing companies has also been raised from 10% to 15%.

■ With a view to make more information available to investors on the financial performance of listed companies, the government has directed the stock exchanges to amend their **listing agreements**. It has also asked the exchanges to ensure that companies incorporate additional information in their half-yearly financial results.

■ According to a report in *The Economic Times*, companies covered under the Monopolies & Restrictive Trade Practices (MRTP) Act and the Foreign Exchange Regulation Act (Fera) are likely to be listed on the Over-The-Counter Exchange of India (**OTCEI**). However, the listing will be subject to the condition of their satisfying the guidelines for making them eligible to be listed on any other recognised stock exchange.

■ The finance ministry is reported to have asked the RBI to submit a report on allegations of irregularities in the operations of **Canbank Mutual Fund**. Canbank had earlier been directed not to launch any new schemes following an inspection report by the Securities & Exchange Board of India (Sebi) alleging gross irregularities in the former's functioning.

■ The Centre has directed all Indian banks to open special **NRI cells** in their overseas branches so as to encourage NRIs to bring both investments and remittances into the country.

■ The South Indian Bank has launched a loan scheme — **Encashare Loan**. Under this scheme financial assistance of Rs 25,000 will be given against the security of approved quoted shares.

■ Punjab National Bank (**PNB**) is reported to be considering a foray into venture capital, according to *Business Standard*. The report says the bank is planning to float a separate subsidiary for the same.

InformationWorld

INSIDE:

- TATA UNISYS: A NEW MANDATE
- GUEST COLUMN: ASHOK SOOTA
- INTERVIEW: SHASHI ULLAL



Tata Unisys is getting its act together.

SHAPING UP

When Ramesh Aroskar took over as Tata Unisys Ltd (TUL) managing director (MD) on 7 July 1990, he inherited what could be called a mess. His new charge had seen off five foreign MDs in the space of 12 years. At the end of it all, a company which had primarily been set up by the Tatas to manufacture and sell computer hardware in India was a whale on software exports. True, it was highly profitable, but its performance on home ground and in hardware was not even



AROSKAR: *Setting new sights for TUL*

worth sniffing at. Something had obviously gone wrong somewhere. Admits Aroskar: "TUL's past MDs had brilliant ideas but either they couldn't be tailored to the Indian market or their tenures with the company were too short to ensure that they were implemented right."

Aroskar's problem was compounded by the fact that the departure of the last foreign MD (Patrick Cullen) had signalled the flight of several senior managers. (Even chairman Minoo Mody left the company though for other reasons.) And it couldn't have helped to have had a foreign partner, Unisys of the US, that was swooning from a bleeding bottomline. While Aroskar, obviously, could do nothing about the latter problem — except ensure that the woes didn't spill over to his company — he immediately went about correcting the first. "I decided to push up the second-level managers and give them a chance to perform, rather than rope in new senior blood. This also helped boost morale, and we immediately mapped out a two-year strategic plan," says Aroskar.



KRISHNA: *Seducing customers with support*

Back on track. That done, both TUL and Aroskar have not looked back since. Today, there's a chin-up spirit prevailing in the company as it is slowly but surely being steered back on track. TUL is shaking off its sloth and increasingly giving a thrust to hardware. It is getting more marketing-oriented and even entering newer areas like computer training. Aroskar has also joined the industry in chanting the mantra of "total solutions."

Managerially, too, the company has become leaner at the top with five vice-presidents (at one point, it had 14). Aroskar has streamlined TUL's operations into six lines of business (lobs in TULspeak) — consultancy; marketing of mainframes; marketing of locally-manufactured products; of software packages; exports; and computer training. "However, each works in coordination with the rest," says Aroskar.

Even the stockmarkets have taken note of the new TUL. The scrip zipped to a new all-time high of Rs 330 on 18 September, when in the previous two years it had stagnated in the Rs 60-90 range. Competitors, too, are free with their praise. "It's gearing up to be a big boy in the nineties," says an executive in a minicomputer-making company. "Better late than never," adds another.

The hardware push on domestic turf is coming in the shape of "niche marketing," says Aroskar. "Our policy is to get hold of a large user and seduce him with our support," adds senior vice-president Sarup Krishna. "And we'll leverage our sofware strengths in the marketplace. If that story sells, we'll do well." The thrust areas TUL has identified include banking, manufacturing, hotels and travel & tourism among others.

Besides niche marketing, the company has also been unwrapping updates of its existing hardware product range regularly: BTOS (supermicros), U6000 (minis and superminis) and the A (or 2200 mainframes) series. Then, at the CSI 91 bash in Delhi late last month, TUL made its hardware intentions even clearer by kicking off a snazzy 486-based Eisa bus machine. Though rather late in the day, it meant that the company was responding to market needs. Says a competitor: "At last they're getting into the boxing ring." Says Krishna: "We are confident of our existing range. But the market is driving us."

Aroskar is banking heavily on the new machines, deliveries of which are expected to commence in the first quarter of next year. Says he: "Watch us. Perceptions about TUL will soon change. I hope to sell some 150-200 of the 486 machines in year one." Whether he'll achieve that is left to be seen because the segment has in recent times been getting dirty with hefty price discounts becoming deciding factors to sale closure. Aroskar, however, is confident. "Our plus point is service. *Dataquest* rated us tops last year. Also, our products and solutions

TUL'S COMPUTER CONSULTANCY DIVISION AT SEEPZ, BOMBAY: *Right solutions?*



will be good. Isn't that enough reason to buy from us?" asks he.

As for the company's minis and superminis and mainframes, the TUL team is least troubled by the impending entry of IBM, and the other big boys in this area — PSI Bull India, Wipro, ICIM, PCS Data General and HCL among others. "People are hung up on IBM. But the fact is that any goddamn box will do here. What's important is the solution and support," says Krishna. Adds Aroskar: "This is where we've established ourselves. We have a huge satisfied customer base. Old customers who gave us pilot projects are now giving us repeat orders. Let IBM come in; it will have a lot of legwork to do."

Low-volume product. But it will take more than legwork to make TUL's BTOS machine (B25, B28 and other versions) a hotseller like the PC. "Primarily, because it's not a PC and cannot be compared with it. Sadly, people do so," says Krishna. Last year, TUL's BTOS sales chart would have been zilch had it not been for a face-saving 255-machine order from Hongkong Bank. "But here again," says Aroskar, "banking circles are realising the utility of this machine. Several of them have taken it for their Society for Worldwide Interbank Financial Telecommunication (Swift) linkups." But does it make sense persisting with a product that doesn't bring in volumes and revenue like a PC does? The TUL team thinks it has not taken the wrong decision. "Lack of volumes doesn't bug me. My customers are happy. Slow is the way to go. We don't want disaster like that Rs 200 crore-plus company," says Krishna.

To make TUL customers even happier, the company is getting into an arena that's been the field of specialist outfits: computer education and training. Corporate buyers of TUL machines will be given hands-on training at TUL centres to come up by early next year. Says vice-president (marketing support services) V.K. Malhotra: "The training centres will cover high-level courses first and be opened to students later." The sales target from this division: Rs 1 crore in the first year.

Some changes are also likely to take place as far as TUL's software — or rather manpower — exports are concerned. The company is striving to bag more off-shore projects. And it has adequate facilities for that purpose: two sprawling software development centres at Seepz, Bombay and Neepz, Delhi. There are several reasons for the change in software strategy. One is the high brain-drain of software professionals who go overseas to complete projects. Second is the US government's move to disallow B1 (visitor's visas) for software professionals and instead make H1 (work permit) visas compulsory. Says Aroskar: "The desertion rate is high. We are curbing it by making professionals sign bonds that they will not shift jobs when overseas." Any time of the year, at least 150-200 TUL employees are working on software projects abroad.



MALHOTRA: *Seeing to training*

While several software export houses are shuddering at the prospect of H1 visas (they take a couple of months to get and in software projects the need for additional manpower can arise overnight), the TUL team is undisturbed. "It will affect us but only marginally. We've asked Unisys to give us more work in India and it's agreeable," says Aroskar.

Packaged software selling is another area where TUL is getting its act together. The company is a country distributor for several packages developed by Microsoft, Santa Cruz Operations and Autodesk, all of the US. It is expanding its dealer network, besides signing agreements with value-added dealers. And like every other software seller, TUL too is feeling the piracy pinch — especially for its Microsoft range. Last year, it sold a bare Rs 2.67 crore worth. Says general manager (mainframe & special product marketing) Rajan Bhavnani: "We have to put a lid on the menace and we are trying our bit by raiding pirates through Microsoft."

Besides the foreign packages, TUL also has several others which have been developed off its own bat. And one called SignBank, according to Aroskar, is "selling like hot cakes." Last year, it notched up some $1 million (Rs 2 crore-odd) in sales.

Looking at this hodge-podge of activities, one might ask: isn't TUL dabbling in too much? Aroskar doesn't think so. "The wide portfolio actually serves as a hedge. If one lob fails, the other can bob it up." That strategy seems to have served TUL well in the past. The company has been posting probably the highest margins in the infotech industry. (Aroskar, being a CA, loves to point to his balance-sheet.) Says he: "Turnover will be up by 25% at the least; hardware sales, keep an eye open for that figure; everyone's going to be surprised; and our bottomline will be unbeatable. And in three years we'll be a Rs 100 crore company."

To ensure that projection doesn't remain pie-in-the-sky, he, however, will have to tread very carefully. Unisys is struggling to hold its own against IBM, Digital Equipment Corp and Hewlett Packard in the global market. And all these giants are very much there here, besides, of course, the mighty ICIM and PSI Bull India. Will Aroskar be able to prevent a repeat performance in India?

□ Anil Wanvari

TATA UNISYS: REVVING UP AT LAST

(Rs crore)

	1986	1987	1988+	1990	1991
Sales (mainly hardware)	0.39	4.86	7.22	8.22	17.88
Income from services	18.53	21.18	35.33	30.90	34.84
Turnover	19.40	26.77	41.40	40.41	54.50
Gross profit	3.34	3.62	5.29	9.01	12.03
Net profit	2.14	1.55	2.42	5.15	6.75
Gross profit margin (%)	17.22	13.52	12.78	22.30	22.07
EPS (Rs)	6.85	3.54	4.42*	11.77	15.42
Return on capital employed (%)	15.79	9.19	11.05*	28.76	28.41
Forex income	18.22	22.30	35.75	29.44	31.10
Forex outflow	7.33	9.33	12.08	9.43	11.56
Share price movements					
High	235.00	250.00	97.50	90.00	330.00@
Low	185.00	100.00	60.00	67.50	115.00@

Note: The year end was 31 December up to 1987. Following that it was changed to 31 March. + 15 month period; * annualised; @ up to 18 September.

STRESS ON DESIGN

For much too long, India's vision of self-reliance has meant that the country should manufacture almost everything. Accordingly, we have invested crores of rupees in manufacturing facilities which would never be able to hold their own in a truly competitive environment; many of these facilities do negligible value addition.

It is important to realise that in the years to come, lasting international competitive advantage can come more from design than manufacture, particularly in industries like electronics where the pace of new product introduction continues to accelerate and many companies derive 50% or more of their revenues from products which are less than two years old.



Accordingly, it is desirable that we set ourselves more ambitious goals in the field of design. Hence the theme of this article: India as a design centre for the world.

Many of you must be familiar with the department of electronics' (DoE's) efforts to make India the software workshop for the world. The cynics amongst us (and, I assure you, there are many) have pointed out that Indian software exports account for less than 1% of the global software market, and that the bulk of our exports is in the form of services, body-shopping and so on. Those cynics would turn up their noses and ask: "When we have not achieved our goals in software, how can we enlarge the challenge to encompass a much wider field like R&D?"

Software will turn out to be one area where India will be able to establish worldwide competitive advantage and leadership

But the fact is, a great deal has been achieved in the field of software exports, even though our efforts look puny in comparison with those of developed nations. Thanks to these efforts, new markets have been opened, new products have been developed by Indian software developers (as distinct from body-shoppers), turnkey projects have been executed and the international quality/competitiveness of Indian software has become widely recognised. These positive developments will gather momentum in the years ahead. Software will indeed turn out to be one area where India will be able to establish worldwide competitive advantage and leadership.

This is why I think it is time to look beyond software and build on the strengths we have in this area.

Design and software development have many similarities and the assets that contribute to our progress in software can help us in the design field as well. And what are these assets?

- India's large pool of scientific manpower;
- Widespread knowledge of English;
- Natural propensity, industriousness and ability of our engineers; and
- Lower costs.

Like software, most areas of R&D/design are knowledge-intensive, as distinct from being capital-intensive, and a natural focus area for a poor country like India. Whatever else we may lack, we certainly have no shortage of knowledge and skill. Indians occupy high positions in many R&D labs all over the world.

But we must not ignore the fact that many of the problems which hinder the indigenous R&D effort are similar to the problems we face on the software front:

- A small domestic market;
- Inadequate appreciation of the value of software/design (we tend to treat R&D in the same cavalier fashion as we do software);
- The lack of a global vision (few projects are conceived for addressing world markets);
- Absence of information and databases;
- Poor communications; and, not the least,
- Poor productivity.

Apart from all these, R&D suffers from the additional disadvantage that much of it is done in government laboratories and very little of it is commercialised. For this, both the labs themselves and industry are responsible. Industry makes little investment in R&D; instead, it keeps clamouring for more freedom to buy the latest technologies. Where we should be encouraging our own scientists, we fork out precious foreign exchange.

There is unfortunately a widespread belief that as technology moves fast, there is no way that we can keep up with the world. Therefore, the theory goes, it is not worth investing in R&D. Those who subscribe to this school of thought invariably mouth the cliche, "there's no point trying to reinvent the wheel."

While it is undoubtedly true that technology worldwide is developing faster and faster, it is equally important (and quite possible) that we strive to be world leaders, through R&D/design, in at least a few chosen fields.

The consequences of underemphasising R&D are so self evident from our own track record that it is amazing there has been no adequate attempt at course correction. I'll list a few:

- Repeat purchases of imported technologies;
- "Kit" import culture;
- Higher costs as R&D costs of overseas companies are amortised through component purchases;



A SOFTWARE DESIGN CENTRE: *Great potential*

■ Lower control on technology and consequently lower support levels; and

■ Inability to address world markets except through buybacks or where the foreign collaboration agreement permits access to specified markets.

Before I proceed to define actions needed ahead, I must take cognisance of one important action already taken by the government: allowing 100% foreign equity for companies wishing to set up design centres in India. We must now proceed to create a climate to encourage design so that India is seen as the first-choice option for countries wanting to set up offshore design facilities, just as the Association of Southeast Asian Nations (Asean) countries are inevitably the favoured locations for offshore manufacturing investments.

I'd like to outline some of the major steps which I feel are needed to make India into a design centre for the world.

Here's what industry should do:

□ Change its mindset to ensure that design, not manufacture, is seen as the major value addition. Budget a specified percentage of sales for R&D.

□ In collaboration/joint venture agreements, provide that design of one or more products, for the world market, will be done in India.

□ Focus R&D so that the end products can be capable of addressing world markets. Being insular won't get us anywhere.

□ Work much closer with universities and other R&D institutions in the country. Assigning commercial projects to the universities will provide not only an inexpensive source of talent, but will have a catalytic impact of further improving the capabilities of these institutions. University labs in the US and western Europe receive billions of dollars in grants from government and the corporate sector every year. There's no reason why the same can't happen here. Some may argue that our universities don't do any earth-shaking R&D; my feeling is that at least some of them have the capability, but are hamstrung by the paucity of funds.

□ Invest more for a better R&D environment: this includes infrastructure, recognition of R&D personnel and investment in training and software among other things. While R&D is certainly knowledge-intensive, that doesn't mean we can rely on brains alone; our scientists must be provided with the tools required to put their theories into practice.

□ Forge alliances (with overseas and Indian companies) which call for an exchange or pooling of technologies. This is the age of alliances.

And here's what government should do:

■ Be liberal in assigning R&D projects to industry; many of the schemes in this connection remain on paper. This cannot be allowed to continue.

■ Link fresh grants to government laboratories to their track record on successful commercialisation of technologies; timeframes can be such as to avoid an excessively short-term orientation.

■ Encourage R&D through customs/excise duty rebates on domestic sale of equipment used for R&D, such as computers, software and instruments.

■ Provide import concessions on components and sub-assemblies needed for R&D; alternatively if there is a fear that such a facility will be heavily misused, provision of bonded facilities for R&D centres where such components can be brought in duty-free and the prototypes taken out on concessional duty can be considered.

■ Provide more tax-saving incentives for R&D outfits.

I do believe that India can be the software workshop to the world and a leading design centre. These need not be pipe-dreams, but a vision and goal to work towards. In our changed, freer industrial climate, there is a far better chance that we will make it happen.

□ Ashok Soota

The author is the president of Wipro Infotech.

It is time to look beyond software and build on the strengths we have in this area

USING A WORD PROCESSOR

Nobody's come out with a comprehensive survey on computer usage as yet. Still, we'll stick our necks out to wager that 80% of those who've got PCs in their offices don't venture beyond simple word processing. Most of the rest dabble in elementary spreadsheets and databases. We'll bet, too, that 90% of the PCs that sit atop executives' tables across the country are in actual use for less than 10 hours an average work-week — unless, of course, you count the time spent on Pacman and assorted computer games!

Computers frighten people. We won't go into the reasons here; there are far too many. Today's professionals have learned to live with PCs, but only to the extent that the sleek machines form part of the office decor. The typical executive is still a long way from accepting his PC as a tool that can increase his productivity. Physically, he may be only inches away from his machine, but the distance between them is unfathomable.

PC Primer represents our attempt at bridging that gap. We're convinced that Indian industry won't come up to international standards until its executives begin to exploit their PCs to full capacity. So we'll tell you how to go about it, step by step.

Our experts will be happy to answer any questions/doubts that bother you, so feel free to write in.

If you use your computer only for word processing, it makes better sense to buy an electronic typewriter. Today's typewriters offer practically everything you can get from a PC word processor — and much better printouts, to boot.

Why do we need a computer to perform a function that a typewriter is eminently capable of doing? If all you need is to print a text which you've more or less put down on paper the way you want it to appear, and wish just to save on editing time, with additional touches of elegance thrown in free, then an electronic typewriter will do adequately. But, if you wish to go beyond text creation and get into document creation; juggling with text to achieve elegance (not just in the way a document looks, but in the way it is crafted); storing and retrieving text on any basis of your choice; merging documents and so on — *then* you need a word processor.

With a PC word processor, you can refer to information that has been previously created, use different utilities that are best suited to create the kind of information you want to feed into the document, collate texts, move segments within the report, align them to your satisfaction, make the report visually appealing and get a preview of how exactly your document will look when it comes out. And, with practice, you can do all this at high speed.

What are the functions that help create a good-looking document and what are the various features that make word processing a pleasure? Many of us are familiar with the former, but not so with the latter. My intention is only to give you a taste of some of these.

The basic functions of word processing include editing and formatting your document. This includes justification — which means the space



between words are automatically adjusted so that the last character of every line is aligned to the same column location; setting left and right margins and changing them so as to make visual differences that drive home the point; and obtaining uniform page lengths or discretionary lengths so that each page ends on a logical note and fresh points are started on a new page. Automatic page numbering, correcting errors, inserting words, lines or paragraphs, erasing and even automatic indenting for a paragraph to start at a predefined indented position are only few of a whole range of word processing functions that make a document elegant without changing the original flow of writing.

The next level of functions relates to changing the original flow of the document. Say, in a document containing six chapters which have already been fed in, you have second thoughts and wish to realign the chapters by shifting the second chapter to the very end. All you need do is make a block of the second chapter and move it, and you have a realigned document in seconds. You can use the block-making function when you wish to copy a section of a text to another location, where it is needed again, without having to retype that section.

Another facility available in word processors these days is the column-level blocking. Suppose you create a page with three columns which, say, compares three different markets. In column one, if there is a paragraph which looks terrible visually in its current location and you wish to move it down by three lines to synchronise it with the other two columns, the only way one did it earlier was to wipe it out and retype it. With the column level blocking facility, all you need to do is create a block of this particular column for the required width, and move it without affecting the other two.

But these are mundane — if useful — functions. Let's move on to the more exciting facilities that a word processor can put at your command. We don't have enough space to discuss them all, so you'll have to make do with the following:

■ **Shorthand:** How often does your secretary have to type the words "Assuring you of our best services at all time, your's truly, for ABC Ltd, S. Madhukar." Or think of how frequently a legal document repeats the line, "The said party, referred to as the defendant, inasmuch as..."

Instead of keying in those words every time, till you feel like tearing your hair out, you can program the machine to automatically feed them in everytime you press "Esc A." Instead of typing out the current date everytime you write a letter, you can program your PC to do so when you press "Esc @."

Think of how much time (and bother) this simple function can save you.

■ **Mathematical calculations:** You don't have to work with a calculator, pen and a paper to feed some information, based on calculations, into a document. At the touch of a key, a calculator appears on the screen and results of mathematical (including trignometric) calculations can be directly inputted into the document.

Say you have to prepare a statement which contains sales figures for various regions. The statement would have text and numbers. Now, if you want to calculate total sales and make the result appear at the bottom of the document, you need only create a block of the entire statement and press "Ctrl K M" in Wordstar (version 4.0 upwards) and the totalling is automatically executed.

■ **Thesaurus:** Word processing softwares have always had a spell-checker to help users avoid embarrassment. But new versions go one step further, and actually help you write more elegantly. Think of a thesaurus with a vocabulary of over two lakh words so well indexed that all you have to do is point at the word you are uncomfortable with, and the machine immediately displays a page full of synonyms.

■ **WYSIWYG capabilities:** WYSIWYG is an acronym for "what you see is what you get." Every once in a while, as you create a document on your word processor, you'll find ^Bs and ^Ss displayed on the screen, even as the lines keep flowing past the right margin; and you never know whether the document is aligned till you see a printout. But with the WYSIWYG (pronounced "vis-i-wig") facility, all control characters vanish, what you need in bold letters appear bold, the underlinings are in place and you see a proper preview. The only limitation being that you still get to see only a maximum of 24 lines on screen at a time, while a true WYSIWYG monitor would let you see a full page.

■ **Chaining:** Say there are three files reviewing the performance of the Bombay office, the Delhi office and the total company performance. These have been created and need to be compiled into one single document. You tend to print them out separately, either without page numbers, or manually number them and put them together. Or, at best, you copy the report pertaining to Delhi at the end of Bombay's report (which incidentally is possible, but occupies space quite unnecessarily) and then copy the national report at the end before printing the bunch.

But the most efficient way would be to use the chain function which logically links the three files for printing within a single print function and numbers them sequentially.

Let me, at this point, mention just two other facilities that go beyond utilities that word processing packages alone offer; but involve using it in conjunction with other utilities to foster efficiency.

■ **Importing files:** For some basic calculations, you can use the calculator that the word processor provides. But



to insert a large statement with calculations using complex formulae, a spreadsheet may be the ideal tool. But you would still need to insert this table into your document and format it the way the rest of the document is formatted. Most print files from other software like spreadsheets are read by word processing packages. Therefore, it is feasible and worthwhile to import this spreadsheet output into your document, format it, and then produce a report.

■ **Storage, Indexing and Retrieval:** It is feasible to index a document on all words except prepositions, pronouns and the like, and find any word without having to search through the entire document. Certain higher-level systems provide this kind of facility on the entire text database that exists, say on a local area network or a larger system. What this means is that if you need to see all documents that refer to, say, dimethyl terephthalate(!), you simply say so; and the lot is available to you at the stroke of a key.

Of course, chances are that you don't need all these functions. But then again, chances are that you don't need a PC word processor, either. Maybe an electronic typewriter is what you really ought to buy.

□ S. Prabhakar
The author is a senior research planner at Ogilvy & Mather.

THE LEXICON

A glossary of infotech acronyms, words and phrases that go over the heads of everybody outside — and quite a few inside — the world of computers.

Architecture: The internal formation and linkages between various components of a machine, like CPU, memory, disks etc.

Bus: Communication path between the various components inside a machine through which data is exchanged.

Clock: Component that generates pulse signals to synchronise equipment. A clock rate is the number of pulses generated per second and is connoted in MHz (Mega Hertz). The higher the clock rating, the higher the speed of performance within a given capability.

Port: Physical connection that allows the computer to communicate with external devices like printers, mouse etc.

Tablet: A flat pad with grids, through which graphics can be fed into a computer. When it comes to graphics, this is superior to the mouse.

BPL Systems launches a new office automation product range.

GATHERING PACE

It's all systems go at BPL Systems & Projects. Set to widen its span in the office automation products market, the BPL-India subsidiary is in the process of launching a new line of products which includes fax machines, telephone answering machines, cordless phones and high capacity electronic private automatic branch exchanges (EPABXs).

Says BPL Systems executive director Rajeev Chandrasekhar: "The company is poised for rapid growth due to the recent liberalisation of the industry and we are putting in a lot of resources and increasing our commitment to the communication field." With the new range, he expects BPL Systems' turnover to leap to Rs 100 crore by 1993 from the present Rs 40 crore.

The company's product range as of now includes EPABXs, push button telephones, monitors, computer peripherals and software packages. It also handles turnkey projects in areas like communication networks, software and hardware packages for various applications.

CHANDRASEKHAR: *Banking on infrastructure*



R&D backing. And it has starry tieups in its bag: technical assistance for switching and transmission equipment comes its way from Alcatel, France and for terminal equipment from Sanyo, Japan. "Besides, our products will be backed by our R&D department," says Chandrasekhar. He, for one, expects to carve out at least 20% of the office automation market for BPL.

The company is banking on its elaborate manufacturing infrastructure, its reputation for quality and reliability and its extensive service network to see it through. But it won't be all fun and games. A relative newcomer in the business, the company will have to face stiff competition from other private sector outfits presently engaged in the manufacture of similar products. Besides Tata Telecom, the big boy in the EPABX market, there's also Northern Digital Exchanges (Node), Blue Star and Escorts to contend with.

PCL's Dadhan Bhai speaks out.

SPRINTING AHEAD

Normally, he shuns the corporate arclights and lets Pertech Computers Ltd's (PCL's) performance and co-chief Bikram Dasgupta do the talking. But when Dadan Bhai does speak out, he doesn't mince his words. Take, as a sample, his views about IBM's imminent return to India, a prospect that has most infotech CEOs ashiver: "Who's afraid of IBM? Not us. Let it come. But look at the tiny investment the $67 billion giant is making in this country; that will tell you volumes about its 'interest' in India."

He can afford to cock a snook. Most of his counterparts in other companies would give their right arms to be able to repeat PCL's performance. The Delhi-based outfit has consistently chalked up fabulous growth rates, even as its closest competitors struggled to keep up with the industry average. Sales topped Rs 110 crore last year.

Seeking partners. Dadan Bhai is confident he can keep up the pace. "This year's target is Rs 160 crore; and the first quarter has already

seen 100% growth over the previous year's corresponding period."

Nonetheless, the fact that a number of multinational giants (Digital Equipment Corp, Olivetti, Hewlett-Packard and now IBM) have been entering the Indian market hasn't left PCL entirely unfazed. Infotech grapevine says the company is looking for a foreign partner. Dadan Bhai doesn't deny this. "Yes, we're talking to a whole lot of people. Corollary, Compaq..."

Besides foreign links, PCL is also eyeing new product opportunities. "We're examining multiprocessor machines. And we'll be selling solutions," says Dadan Bhai. Of course, exports are being given the needed push. "We have a 16-man team looking after that," reveals Dadan Bhai.



DADAN BHAI: *Not afraid of IBM*

Existing PCL product categories too are being flogged hard. Last year, the company hawked only 109 of its i486-based Hallmark II machines. The PCL marketing team is trying to up that to 400-500 this year. As far as the i386 Sun workstation is concerned, Dadan Bhai is hoping to penetrate the market even further in 1991-92. But he won't disclose any figures as yet. All he'll say for now is, "we'll do better."

Virus-buster Knoxcard is catching on.

A KNOCK-OUT?

With viruses burgeoning at an average of one menace a day, it is only logical that virus-busters should enjoy a similar growth rate. One antidote which has been doing the rounds in India for the past few months is 'Knoxcard,' created by Bangalore-based Knoxware, a division of Krishna Computers.

Hyped as "the ultimate insurance against attack by any virus," Knoxcard has, till date, done quite well for itself. With users ranging from corporate giants like ITC to government undertakings like the Indian Space Research Organisation (ISRO), the product has fetched its manufacturer some Rs 50 lakh in revenues. Users have been lavish in their praise, as have experts. Knoxcard has been billed the "best Indian product" in the anti-virus card category by a popular infotech magazine.

Needless to say, Krishna Computers' Santosh Gupta is ecstatic. And he makes no effort to hide his pride: "This is the world's first hardware-based solution for viruses."

Comprehensive check. But what is it that makes Knoxcard "the ultimate insurance," when a swarm of other similar cards are currently doing the rounds in the market? Avers K. Harsha, the self-proclaimed cerebral force behind the package: "Our product is much more robust and the number of checks are more comprehensive."

With a total of six levels of checks on the system, Knoxcard can detect manipulation in memory (RAM — random access memory), disable backdoor request, recognise practically all types of non-standard and illegal calls by any program like a virus and stop such attempts immediately after warning the user about it. This ensures that the package works effectively even against new viruses.

The card has its own read only memory (ROM) and RAM which are mapped into an address space beyond the 640KB boundary; it does not take even a single byte of the user's memory.

As for exports, Gupta feel there's a vast potential for Knoxcard in the US, European and some Asian markets. "We have already exported around 500 cards to these countries."

The optimism at Knoxware is apparent when one looks at the projected sales figure for 1990-91 of Rs 75 lakh. And Pawan Jalan of Bits and Bytes, the sole distributor of Knoxcard in the eastern states, vouches for its success. Says he: "Knoxcard is doing very well despite the fact that it is priced marginally higher than other similar cards."

THE KNOX TEAM (CLOCKWISE FROM TOP RIGHT — K. HARSHA, V. SHYAM, S. GUPTA & K. SURESH): *Computer doctors*



As for the future, Knoxware has big plans. The focus will now be on complete security for computers in the Unix and local area network (Lan) environments.

As long as viruses keep multiplying, so will Knoxware's hopes of making a killing.

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"WE ARE NIMBLE-FOOTED"

Modi Olivetti director (operations) Shashi Ullal is not scared of IBM's impending re-entry into the country. While most computer companies dread the prospect, Ullal claims to welcome it with open arms, believing that it will actually work in Modi Olivetti's favour. An old IBM hand (he spent two decades with Big Blue), he is fully aware of the US giant's strengths and weaknesses. In an interview with BusinessWorld, *Ullal spoke of the impact IBM's arrival will have on the Indian market and also Modi Olivetti's strategies and plans. Excerpts.*

■ On IBM's proposed tieup with the Tatas.

We are not scared. Our ads ("Modi Olivetti welcomes IBM") aren't just marketing gimmicks. In positioning our company alongside IBM, we are only bringing up the global association. Our company has always been a lot like IBM in terms of superior technology, products etc.

■ On how IBM's entry will affect Indian industry.

Of course, the assumption is that IBM will shake up the Indian computer industry. After all, we're talking about a $65 billion multinational giant. It has tremendous resources. Also, IBM has had some experience in the Indian market. It was here from the fifties to 1977-78. When it left the country in 1978, thousands of customers felt let down. Some of them still retain their loyalty to the company and are nostalgic about IBM's excellent customer-care services.

Besides, a number of multinationals who operate in India use IBM machines worldwide. They may want to extend their association with Big Blue to India as well.

■ On how it will affect Modi Olivetti.

We will benefit if IBM comes to India. Then we will have somebody of some standing to compete with. Today, we do not have that advantage. When IBM comes, it will take the number one slot and Modi Olivetti — I hope — will be number two.

■ On whether the IBM PCs will make a dent in the Indian market.

I don't know for sure whether IBM's PCs will be priced higher than the industry average. But if it is talking about total 2 lakh PCs per year production out of which 25% (50,000) will be for the domestic market, then it will definitely open up the market. If IBM says there is a demand, let me assure you it would have done its homework.

■ On why Modi Olivetti chose to join the Advanced Computing Environment (ACE) initiative, which is essentially a reaction to IBM's dominance worldwide.

Olivetti of Italy joined this new world platform. A new standard, especially for RISC-based machines, was needed. We only extended Olivetti's initiative in India.



■ On Olivetti's standing in Europe, vis-a-vis IBM.

In Europe last year, in the PC (286-based) segment, IBM was number one with 14.3% marketshare having sold 3.6 lakh units. Olivetti of Italy was number two with 9.9% marketshare having sold 2.5 lakh units. This was in a total European market of 2.5 million units.

■ On Modi Olivetti's strategy to counter IBM.

I do not want to reveal my strategies at this point of time.

■ On how Modi Olivetti achieved its remarkable growth last year.

We pride ourselves on having some of the best people. Our productivity per employee, at Rs 11 lakh, is one of the highest in the industry. Today, people do not get the right prominence elsewhere.

In our market strategies, we have consistently taken a pre-emptive stand. This ensures that others who follow us look like me-too companies. The IBM series advertisement is one such example. We are much more nimble-footed and outward focused than other Indian companies.

■ On whether Olivetti of Italy will up its equity stake in Modi Olivetti with the new norms and relaxed investing environment.

Olivetti will not increase its equity percentage. The shareholding pattern is 40% (Olivetti), 40% (Modi) and 20% (public) with a total equity of Rs 12.5 crore. This will remain in the same ratio of 40:40:20, but we will be pumping in another Rs 5 crore through a rights issue.

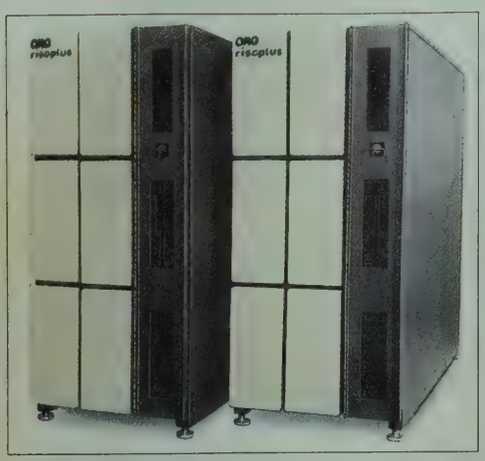
■ On his targets for 1991-92.

We touched Rs 30 crore last year and plan to do a modest Rs 50 crore this year. Last year we suffered a loss of Rs 5 crore. We hope to break even this year.

■ On how the decline in the Soviet import of PCs from India will affect the company's overall exports.

We are asking Olivetti to allow us to export our machines to some countries in western Europe and the Far East. Right now, we are allowed to export only to Russia. We hope to get the green signal from Italy.

LAUNCHES



■ **ORG Systems**, the computer division of Vadodara-based Sarabhai Electronics, has launched RISCplus, a minicomputer built around what the company calls "architecture for all time."

The machine, claimed to be the world's first mini with the power of a mainframe, combines both Risc (reduced instruction set computing) and Cisc (complex instruction set computing) technologies. It uses Motorola's 68030 and MIPS R3000 chips and can be connected to eight central processing units. ORG says the machine is capable of delivering 150 mips (million instructions per second) power. **Contact:** ORG Systems, Dr Vikram Sarabhai Marg, Wadi Wadi, Vadodara 390 007. Phone: 321141. Telex: 0175-258 ORG IN.

■ If you're dreaming about a paperless office, wake up; and give **Tata Honeywell** a buzz. The Pune-based joint venture has launched Honeywell's DeltaNet Graphic Central Building Automation Systems in India.

The $7 billion American giant is a world leader in building-automation systems; its clients range from hotels and banks to airports and amusement parks.

The DeltaNet systems include stand-alone Microcel and Excel Plus controllers with built-in energy management programmes (for heating, ventilation and air conditioning),



ONE OF THE COMPONENTS OF THE DELTANET SYSTEM: *Automation ambitions*

utilities and assorted systems, and a fire and security management controller. **Contact:** Tata Honeywell, 55-A/8 & 9 Hadapsar Industrial Estate, Pune 411 013. Phone: 670445. Telex: 0145-7324 THL-IN. Fax: 672205.

■ **Mips India** is now offering Nonstop Networks Corp's fault-tolerant networks in India. The software, called Nonstop Network, works with all the popular PC networks — Novell, 3Com, Lantastic, Banyan and the like. It works on both Unix and Vax platforms.

Another version of the software, Nonstop Network MR, can be run on a single PC. But a typical application would involve a primary network server with two or three server duplicates. **Contact:** Mips India, 16 Kumkum Road, Vile Parle (west), Bombay 400 056. Phone: 6367638. Fax: 6232641.

HAPPENINGS

■ **Reebok**, the giant sneaker-maker, has chosen Bangalore-based **Infosys Consultants'** distributor management application package (DMAP) for its British operations. The fast-growing software house has also been chosen as systems partner for implementing the DMAP. The deal should bring Infosys revenues in excess of Rs 1 crore.

DMAP, a state-of-the-art MIS (management information systems) solution for distributors of consumer products, costs between $1,50,000 and $2,00,000 per package. Reebok of France has already installed such a system. Infosys is hoping Reebok will adopt its DMAP as a standard package for all its distributors.

■ More good news for Mac-hackers, this time from **Apple Computer International,** the Hongkong-based subsidiary of the American corporation. This outfit has launched Apple's Developer Services Programme (DSP) for software developers in India.

The objective: to tap India's enormous pool of software wizards for high-quality application products and services for the Macintosh range of PCs.

The programme, which Apple has operated with great success in several other Asian countries, supports software developers with regular technical mailings, developer tools, training and marketing backup.

Says Apple's Matt Strain: "With the official launching of this programme, we will be able to foster closer links with India, while at the same time encouraging a new generation of third-party products and customised solutions for users in India and around the world."

Macintosh sales in India come nowhere close to mirroring Apple's status as the second-largest PC-manufacturer (after IBM) in the world. The new programme should win the company more followers in this country. **Contact:** Apple Computer International, Exchange Square Tower III, 14/F, Central Hongkong. Phone: 852-8442415/2441. Fax: 852-8100073.

TIEUPS

■ The National Institute of Information Technology (**NIIT**) and Digital Equipment India Ltd (**Deil**) have announced a joint marketing pact for 'Sybase,' a popular relational database management system, on Deil's VMS/Vax and Ultrix/Unix platforms.

NIIT, India's top computer training outfit, has recently made rapid strides in software and consultancy. The deal with Deil should further managing director Rajendra S. Pawar's ambitions of turning NIIT into one of the country's largest multi-service companies.

Call them yuppie toys or what you will, but the palmtop computers market is definitely booming. And the latest player to step into this crowded arena is **Psion** of the UK with an aggressively-priced 225 gm machine.

Psion may lack the marketing muscle of its US and Japanese brethren; nevertheless, analysts opine that the Psion Series 3's $425 base price, low weight and built-in software for word processing and database storage demonstrate some of the muscle of hand-held computing.

However, the Series 3 has its drawbacks: the constricted 58-key keyboard makes touch-typing nearly impossible; and the screen displays only eight lines of 40 characters each.

Meanwhile, Hewlett Packard's (HP's) 310 gm LX95 has proven so popular since its introduction in April that HP has had to add second and third shifts at its Corvallis (Oregon) plant to meet demand.

Europe's computer companies have been under the weather for some time now. And to play doctor to this ailing industry, three European giants — **Groupe Bull** of France, **Siemens** of Germany and **Olivetti** of Italy — have commenced work on designs for a multi-million-dollar computer network to span the continent. Their mission: to provide a comprehensive infotech infrastructure for Europe.

The three companies signed a memorandum of understanding on 31 August and are now anxious to persuade the European Commission to approve funding for the project. They were, however, successful in beating overseas companies with a largish European presence from starting a similar project.

Fujitsu has decided to venture abroad — its first-ever investment overseas. The Japanese giant has taken a 40% stake in Australian software-maker **Softway**. The two companies are to jointly develop Unix software systems. In the process, Fujitsu is now Softway's largest shareholder.

For a change, here's a US company gunning for Japan. **Texas Instruments** (TI) has established an engineering laboratory in Tokyo to develop computer-aided software engineering (Case) systems for Asian markets. Demand for such systems has been growing in the continent. The new laboratory, according to TI chief Jerry Junkins, will develop systems in Japanese, Chinese and Korean-language versions.



JUNKINS: *Chasing Asian-language Case products*

One of the few US computer megacorps which hasn't been able to make much of an impact in the PC market is **Digital Equipment Corp**. However, things are changing for the US's second-largest computer-maker. It is now pushing into the booming market for mail-order PCs and is quietly expanding strategic ties to PC industry giants Intel and Microsoft. The moves could give Digital a greater role in the huge PC market.

Marx may be out, but can PCs get a look in? According to observers, the states of the **USSR** are desperately short of computers to manage their economies. This shortage can be explained partly by the restrictions placed on export of strategic materials imposed by the Coordinating Committee for Multilateral Export Controls (Comcom).

Until recently, Comcom forbade the export of even low-powered PCs with 286 chips. Besides, a standard 286 machine costs about 80 times the average Russian's monthly salary.

All this, however, doesn't seem to have deterred megacorps like ICL, DEC, IBM and Olivetti who are positioning themselves to exploit what one day could develop into an enormous market.

Compaq Computer Corp is making waves again. The US company has introduced a new line of high-end desktop PCs that it claims will mark an advance in computers that can be upgraded. According to Compaq, users of each of the four models in its new **DeskPro/M** family can easily upgrade the machines' central processors, memory, video capabilities and connections to a printer, network, modem or mouse.

Besides, these PCs will be able to detect which modules are plugged into the computer chassis and adjust the components for maximum performance through the use of specialised computer chips. The machines, easy to repair since the components are easily removable, are priced higher than those of its competitors. (The least-expensive Compaq model will sell for about $3,100 and the dearest for $7,200.)

HACKERS IN THE USSR: *PC-shortage*





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ADVANTAGE WADIA

He looks a featherweight, both physically and metaphorically, when set beside his heavyweight business rival. But Bombay Dyeing chairman Nusli Wadia has proved that he has got what it takes to go the distance. Apparently on the verge of being kayoed a couple of times in the past, Wadia has weathered all the body blows. And today, with his paraxylene supply problems over, his citizenship issue settled, his companies in fine trim, and Ambani beating a hasty retreat from Larsen & Toubro (L&T), his star is on the ascendant. It's clearly advantage Wadia.

Not that one would get such an impression from the scene outside his Bombay headquarters. The outer walls of the J.N. Heredia Marg building in downtown Bombay, the registered office for his clutch of 44 companies, most of them little-known trading and investment outfits, are plastered with anti-management graffiti authored by piqued employees. But, ensconced inside, Wadia presents a picture of nonchalance, a perfect antithesis of the strife represented on the walls outside. But he, too, must be carrying the scars of many a blow which laid him down.





NEVILLE HOUSE & WADIA (INSET): *The banner-bestrewn facade conceals a gung-ho spirit*

The trials and tribulations he has faced over the past few years have been legion. Take the one which threatened to emasculate his flagship Bombay Dyeing — the supply of critical feedstock paraxylene. This raw material is used both by Reliance Industries Ltd (RIL) to make purified terephthalic acid (PTA) and by Bombay Dyeing to produce dimethyl terephthalate (DMT).

During 1989-90, paraxylene imports were canalised through the public sector Indian Petrochemicals Corp Ltd (IPCL). Later, at a particular point of time, Bombay Dyeing was constrained to buy this item from its sworn-competitor RIL. Finally, paraxylene ended up in the restricted list, until it was shifted to the open general licence (OGL) list in April, thanks to the Chandra Shekhar government.

The shifting of paraxylene imports under OGL triggered off a host of allegations. It was contended that Wadia had used his proximity to the then government to wangle the benefit. Why allow imports of paraxylene, asked the rival camp, when the nation is facing a major forex crisis? The fact that the directorate general of technical development and various other committees had categorically stated that there was a shortage of 45,000 tonnes of paraxylene was conveniently brushed aside. Also forgotten was the shifting of 37 other chemicals to OGL around the same time. One of them was ethylene, the lifeline of Ambani's petrochem ambitions. The sole refrain in those days was how much Wadia and Bombay Dyeing would benefit from this move.

"There was absolutely no monetary benefit," maintains Wadia. "It has just made our paraxylene imports that much hassle-free." But what about the haste in which the move was announced? Counters Wadia: "And now paraxylene has been classified under hazardous chemicals and thus calls for compulsory licensing. Why? You are liberalising the whole economy, but singling out one segment for control and putting paraxylene into it. What for?" That obviously rankles. But the fact that paraxylene has stayed on OGL despite the well-orchestrated campaign to return to the earlier regime is clearly a victory for Wadia.

PROPAGANDA WARS

And he has been winning the propaganda wars too. While the Ambani-controlled *The Business & Political Observer* has been carrying on a campaign against him, not too much mud appears to have stuck. "Do they command any significant and serious readership?" asks Wadia.

On his part, Wadia joined the *Indian Express* board in January this year at the "request" of oldtime friend and media baron Ramnath Goenka. Since then, Ambani-baiters Maneck Davar, publisher of the *Indian Express*-managed Sterling group of publications, and group advisor S. Gurumurthy, have stepped on the gas

"I FOUGHT FOR OUR RIGHT"

The man has gone underground, almost. Ever since Nusli Wadia's business rivalry with Dhirubhai Ambani acquired the dimensions of an all-out corporate war, he has been fighting shy of the press. The grandson of Mohammed Ali Jinnah, the founder of Pakistan, is studiously avoiding the arclights. But the gung-ho spirit is very much alive in him. "We have grown over the past 100 years and will do so for another 100," says Wadia. His article of faith: a fair deal to investors. His route: speciality business areas and niche segments. And he disapproves of flashy and high-profile ways of doing business. Wadia set aside his media reservations and opened up during an exclusive interview to BusinessWorld. *Excerpts:*

■ On his style of doing business.

I believe in professionalism. All my chief executives function with great independence and autonomy. I meet them only when it is time to review results, draw up annual budgets and set performance targets. They are trusted. Our group of companies does not believe in groupism and most of our senior executives are from within our ranks.



■ On his group's strengths.

(Our strengths are) high-quality products and integrity in business dealings. Our companies are all in speciality segments and operate in niche markets. Their greatest strength is that they follow the conservative path of growth — they grow with caution, not in a flamboyant and flashy style.

■ On growth opportunities.

We have identified three growth areas for group companies — speciality chemicals, telecom and electronics, and food processing. We are looking at the possibility of working with multinationals. But we see greater opportunities in agro-based industry segments which do not pose any major problems on the raw material and technology fronts. That meshes in with the larger national priorities.

■ On the project-financing policy in his companies.

We rely largely on internal accruals to finance expansions and new projects. We do not feel it is fair business practice to grow at any cost. We also strongly disapprove of the high-premium-equity-issue business, which in essence is giving to shareholders what you take from them (returning by way of dividend and bonus issues what you take from them as premium). These policies also explain why we have not grown at a scorching pace. We are happy and contented that our companies are not overstretched and overcommitted and are doing well at the same time.

■ On whether placing imports of paraxylene under open general licence (OGL) was a step designed to benefit Bombay Dyeing financially.

This move has not benefited Bombay Dyeing financially. The only advantage is that we are now able to import our requirement of paraxylene sans bureaucratic hassles. All this talk about favours to Wadia and Bombay Dyeing is baloney. Lobbies have been active in seeing to it that we do not get paraxylene and I just fought for what was our right.

■ On the charge that he is using the *Indian Express* to campaign against his detractors.

I am just a friend of (*Indian Express* proprietor) Ramnath Goenka, nothing more nothing less. And I am proud of the relationship. I am the last person to interfere in the editorial functions of the paper. Effectively, it is an insult to independent and investigative journalists such as Prabhu Chawla and Maneck Davar to say that they are toeing my line. I did join the *Indian Express* board in January this year, but that was only because Goenka requested me to. And this talk about me holding shares in Indian Express Newspapers is all baloney.

■ On the allegation that he misrepresented his citizenship.

The case has finally turned infructuous. There was so much hoopla on what essentially was a simple error on the part of the hotel staff. Or, perhaps, some anti-Wadia elements were behind it. Nevertheless, I became an Indian citizen a year ago, received the intimation in May 1990 and was issued an Indian passport six months later in November.

■ On the anti-Wadia campaign in the Ambani-controlled *The Business & Political Observer*.

The campaign has not bothered me a bit. I go about doing my job, doing what I know and believe is right. One has to ignore the motivated reports of these self-consuming publications. After all, do they command any significant and serious readership?

in the anti-Reliance campaign. While Wadia says there is no connection between his entry and the campaign, what has ultimately happened is that the Ambani takeover of L&T has been thwarted. What was presumed a fait accompli will still take time to accomplish. Another point to the presumed underdog.

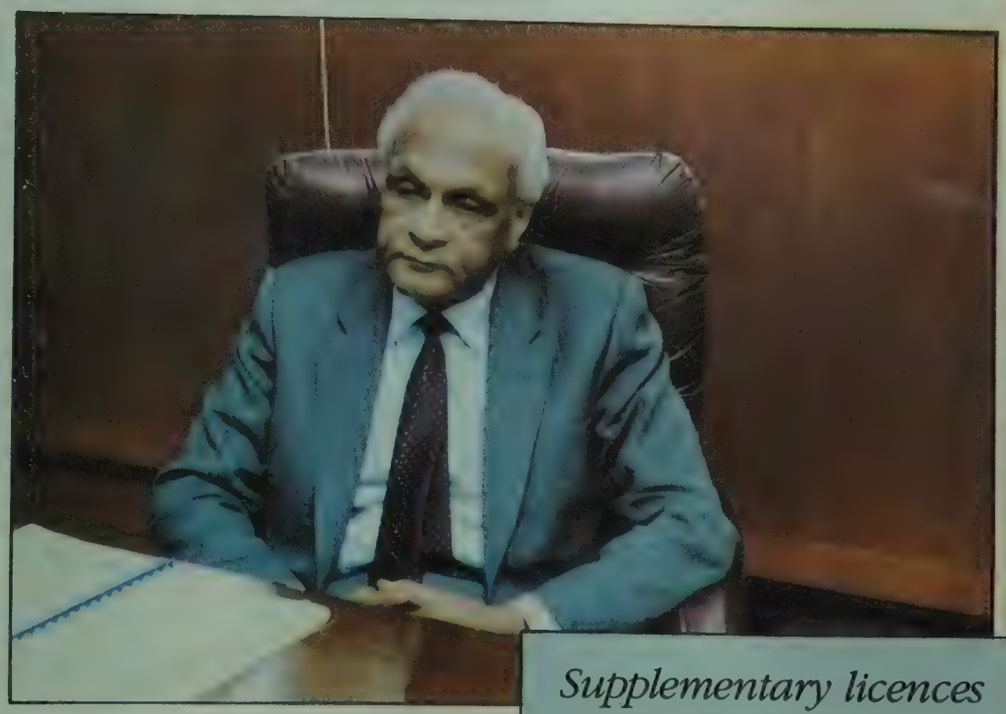
Meanwhile, Wadia has shed one more albatross off his neck; he has succeeded in settling the dispute over his citizenship that has been dogging him since 1988. Wadia has finally been conferred Indian citizenship and the case filed against him for misdeclaring his citizenship has had a happy ending.

All this should be reason enough to signal celebration time. What's icing on the cake is that the companies in his stable are going great guns. Flagship Bombay Dyeing is in fine fettle and so are his other niche-market companies National Peroxide, Citurgia Biochem and Bombay Burmah.

TWO GOOD YEARS

Bombay Dyeing has just had two good years in a row: a post-tax profit of Rs 35.92 crore for the year ended 31 March 1991, better than the Rs 22.02 crore earned the year before. That works out to a heart-warming earning per share (EPS) of Rs 15.98 and Rs 9.80 respectively. And the bourses have raised a toast by marking the scrip up: it is currently traded at Rs 335 (27 September), which works out to a high price-earning multiple of nearly 21. A Bombay-based jobber in the scrip explains the reasons for the collective kudos: "This is one company which has successfully merged two very different operations — the labour-intensive and export-oriented textile division with the capital-intensive, import-substituting DMT division."

The DMT division, which Wadia calls his "brainchild," is readying itself for breezier times: capacity is currently being doubled to 1.20 lakh tonnes per annum (tpa). Indications are that the expansion will be through by May 1993. But that will mean further problems procuring paraxylene. In an earlier clime, Bombay Dyeing had to pay a premium of as much as 30% for additional licences (replenishment licences) for importing paraxylene under the limited permissible list. Besides, its DMT plant had to be shut down on at least a dozen occasions for want of feedstock. Explains managing director Harish Bijawat, who is in charge of the DMT division: "Supplementary licences issued to the company under appendix 3 for import of paraxylene were inadequate to meet our full requirements then."



Supplementary licences issued to Bombay Dyeing for import of paraxylene were inadequate to meet our full requirements

Harish Bijawat

managing director
Bombay Dyeing

Even in the current OGL days, it is not all systems go on the paraxylene front. Bombay Dyeing is finding it expensive and time-consuming to get supplies regularly, thanks to the forex crunch, the stifling 200% cash margins and the omnipresent red tape. Meanwhile, one proposal by the company to chip in with equity contribution, if needed, to the joint sector National Aromatics & Petrochemicals Corp (Napco) project if the former's paraxylene requirement is added to the project's capacity, is quietly gathering dust at North Block.

Back-of-the-envelope calculations, however, show that it makes no business sense for Wadia to go for the project: the cost per tonne of paraxylene would work out upwards of at least Rs 23,000 (the price at which IPCL is selling its paraxylene), while the imported cost is much lower at Rs 18,000-19,000.

The dithering by the state has done the damage. "The project cost has moved up from Rs 1,500 crore to Rs 1,750 crore, thanks to the rupee devaluation," says senior vice-president in charge of the DMT division P.V. Kuppuswamy. However, Bombay Dyeing may not eventually have much to do with the project; sources at the ministry of petroleum and natural gas aver that it has been decided to retain Madras Refineries, Napco's original promoter.

CAPACITY EXPANSION

But the DMT capacity expansion is going on regardless. And Bombay Dyeing has the figures on its side. "The cost of expansion is just about Rs 115 crore, while the current replacement cost of a grassroot DMT plant of similar capacity is Rs 350 crore," says Bijawat. The source of finance: internal accruals and term loans. And that means there is not

THE WADIA STABLE (1990-91)

(Rs crore)

	Bombay Dyeing	National Peroxide	Citurgia Biochem	Bombay Burmah
Turnover	457.17	31.66	32.43	67.33
Profit after tax	35.92	0.59	3.32	6.11
Dividend (%)	30.00	10.00	35.00	35.00
Gross block	300.60	38.92	42.39	33.63
Equity capital	22.48	2.30	3.38	5.53
Reserves & surplus	106.10	7.55	10.88	26.11

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Our strength is that we are not just a monopoly; we have a headstart of 37 years

Himatlal Mehta

managing director
National Peroxide



going to be any addition to the equity of Rs 11.24 crore.

It's cause enough to make the stockmarkets extra bullish. And, adds Bombay-based market operator Nemish Shah, "more importantly, now the company will not have to shut down its DMT plant for want of paraxylene (as import is under OGL)."

In its other main line of business, the 111-year-old textile division, Bombay Dyeing is gearing up. The division logged a Rs 265.08 crore turnover during the year ended 31 March 1991 (previous year: Rs 210.84 crore). With the industry's prospects looking up, the focus is on modernisation. The targeted outlay on that score is Rs 68 crore for 1991-92 and Rs 70 crore the year after. But everything is not so hunky-dory. Complains managing director in charge of the textile division Dinkar Alva: "Good year and stable demand alright. But, the all-round cost-push is shoving the benefits out."

SOLE CONSOLATION

The bullish cotton textile export market is, however, the sole consolation. According to an estimate by the Textiles Export Promotion Council (Texprocil), total textile exports (yarn and cloth) are expected to hit the Rs 3,000 crore-mark during the current year. Says a Texprocil spokesperson: "The sharp rise in shipments proves that bullish days are ahead."

Expectedly, Bombay Dyeing has worked out a crash export strategy directed mainly at hard currency areas (HCAs). Exports have helped the company earn better margins and the 20% official rupee devaluation (effectively more than 40% since December 1990) has turned out to be the boost the company was looking for. Unsurprisingly, textile exports moved up from Rs 51.37 crore to Rs 69.88 crore during the year ended 31 March 1991, most of which were to HCAs such as Austria, New Zealand, the UK, the US, Germany and France. The target for the ongoing year: Rs 100 crore. Says Alva: "Add to this the entitlement to exim scrips at 30% of our exports to HCAs and there is no reason why we should not go the whole hog."

In the final reckoning, the company expects to end up a net forex earner this year as well (in the previous year, net forex earnings were Rs 83 lakh). Says Bijawat: "The value of import substitution due to our DMT production is estimated at Rs 68 crore during 1990-91 on the basis of the pre-devaluation average price of $600 a tonne."

On the home front, the company is aggressively getting into readymade garments. The Vivaldi brand of shirts may take some time to catch on, but Bombay Dyeing is busy working out plans to get into other products such as denim jeans and trousers. Says an executive of a competing outfit: "The firm trend in cotton textiles should add more muscle to the company."

Bombay Dyeing is obviously not (as the Ambanis had earlier dubbed it) Bombay Dead. And the performance of the lesser lights in the Wadia corporate stable has been no less exciting. At least three of them — National Peroxide, Citurgia Biochemicals and Bombay Burmah Trading Corp — are in fine nick, thanks to their niche-market operations.

NO MINNOWS

These three Bombay-based Wadia minors are no minnows. National Peroxide is the sole domestic manufacturer of hydrogen peroxide, a versatile bleaching agent. There is another player — the Madras-based Asian Peroxide — but that is a 100%

ALVA: *Complaining about cost-push*



THE RUN-UP TO WADIA'S ENTRY

1879	Bombay Dyeing & Manufacturing Co founded with an initial capital of Rs 1 lakh. (Founder: Nowrosjee N. Wadia.)
1898	Nowrosjee Wadia & Sons, the managing agents of the company, founded.
1899	Death of the founder.
1905	Division of the mills among the founder's three sons.
1906	Founder's second son Nusservanjee (Ness) Wadia becomes chairman of Bombay Dyeing.
1911	Neville N. Wadia, father of Nusli Wadia, born in Liverpool, England.
1918	Textile Spg & Mfg Co merged with Bombay Dyeing.
1921	Neville House, the Bombay Ghq of Wadia group of companies,constructed.
1944	Nowrosjee Wadia & Sons converted into a private limited company.
1944	Nusli Wadia born to Neville Wadia and Dina Jinnah Wadia.
1952	Death of Sir Ness Wadia and Neville Wadia steps in as chairman.
1962	Nusli N. Wadia enters Bombay Dyeing as trainee in the Spring Mills.
1970	Nusli Wadia appointed joint managing director.
1977	Neville Wadia retires as chairman and the mantle passes on to Nusli Wadia.

export-oriented unit. Citurgia Biochemicals is a solo player on the citric acid turf today. And Bombay Burmah is a cash-rich, asset-laden plantation company with coffee interests in Karnataka and tea interests in Tamil Nadu. Says Wadia: "All these companies are niche-players in the real sense of the term."

CERTAIN STRENGTHS

That gives them certain strengths. Consider National Peroxide, for instance. This smaller Wadia light makes 5,200 tpa of 100% concentrated hydrogen peroxide, besides hydrogen peroxide-based chemicals such as sodium perborate which finds use in the detergents industry. The licensed capacity for the latter range is 1,500 tpa. Says managing director Himatlal Mehta: "We are about to revamp the plant so that 1,000 tpa can be turned out for Procter & Gamble."

"Our strength is that we are not just a monopoly, we have a headstart of 37 years," he adds. So much so that the replacement cost of the hydrogen peroxide plant is between Rs 52 crore and Rs 58 crore. And the original cost of all the plants (inclusive of the sodium perborate plant) is Rs 31.83 crore. That spells hurdles for new players: high cost of entry and just about four international hydrogen peroxide technology-sellers (National Peroxide's current collaborator Laporte Industries of the UK is one of them).

It is not a win-win scene, however. There are two major problems facing National Peroxide today. The first is the need to develop more applications of hydrogen peroxide — bleaching a whole lot of products, leather, paper et al. Says Mehta: "As much as 85% of our hydrogen peroxide is used by composite mills for bleaching textiles." The other problem is the need to diversify and wish away the vulnerability over-dependence on a single product inflicts on a company. And there was an attempt at diversification a couple of years ago when National Peroxide took up the manufacture of plastic additives in collaboration with the international major Akzo Chemie of the Netherlands. Currently, the management is exploring export markets for these plastic additives.

Citurgia Biochemicals, too, is in a similar situation: it is a niche-market player in citric acid, its bread and butter. The other product it is into is calcium carbonate. The former is widely used by the soft drinks industry and the latter by dentifrice-makers. Pepsi Foods is a major buyer of citric acid from Citurgia, but competitors are gutsy and galore in the sodium carbonate segment: Gulshan Sugars, Searsole Chemicals and Lime Chemicals among others. "Nevertheless, our marketshare here is 30%," says managing director Rajeshwar Bali.



BALI: *Stressing marketshares*

The 6,250-tpa citric acid plant in Surat put up in technical collaboration with John & E. Sturge of the UK and the 33,500 tpa calcium carbonate plant in Rishikesh have a combined book value of Rs 24 crore.

What is their replacement cost? Hold your breath: Rs 90 crore-plus. There is another plus. Says Bali: "We are the only company in the world to use sugar molasses to make citric acid." Internationally-used feedstocks are beetroot, starch and glucose, but Citurgia has adapted to the availability of sugarcane here.

The third significant satellite in the Wadia group is Bombay Burmah. What makes this Rs 68 crore company an attractive Wadia crown jewel? A heady reserves position of Rs 26.11

AN AD FOR VIVALDI: *Hardsell yet to pay off*





KUPPUSWAMY: *Blaming rupee devaluation*

crore against an equity capital of Rs 5.53 crore. Bombay Burmah is one company which differs somewhat from other Wadia satellites: it is not a Wadia-promoted company, but acquired (Wadia and his associates hold 40% of the equity). Says a company insider: "Wadia acquired an interest in this second oldest company in the country (incorporated in 1863) during the past 15 years."

What difference has Wadia made to Bombay Burmah? Well, in keeping with his style of functioning, he has ensured continuity in the company's activities and attitudes. Diversification is another. The company forayed into formica in the late seventies. And more is in store. Says Wadia: "Soon Bombay Burmah will set up a 100% export-oriented unit for surgical instruments."

STOCKMARKET DARLINGS

Bombay Burmah is an example of why Wadia companies are long-standing darlings of the stockmarkets. Says Janak Kapadia, a shareholder in Bombay Burmah: "The company is asset-rich, cares for the investors and has not skipped dividend since it went public in 1873."

That's how all Wadia group companies could be described: investor-friendly and shareholder-caring. They are cautious and conservative, quiet and low-profile. But they do rank high on the investor-popularity charts. It will take many more broadsides to unseat them. And it will take a lot of doing to put Nusli Wadia down for the count. One can't talk KO any longer, as everything seems OK.

□ A.H. Ghani

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STAG PARTY

If bulls and bears create merry mayhem on the stockmarkets, what the stags can get up to is staggering. Stags, basically operators in new issues, have been proliferating these past few years. And the city which they have made their major den is, surprisingly, not Bombay, Delhi or Ahmedabad, but Jaipur.

Even before an issue opens for public subscription, three to four times the issue size is illegally bought and sold in that city. With the accompaniment of much chaos and casualties. Consider:

- In mid-July, a member of the Jaipur stock exchange (JSE), Ravindra Kumar Kejriwal, jumped in front of a train. The stated reason was that he owed Rs 9 lakh to other brokers on his long position in Reliance and couldn't pay up. The real reason was not such peanut obligations but the huge amounts he had lost in unofficial deals for which no records are maintained.
- Early this year, R.K. Jain, another broker (but not a member of JSE), hanged himself from a ceiling fan because he had short-sold many new shares and found himself unable to cover them because of high prices. (In layman's terms, he had sold shares which he did not own and was unable to buy them from the market and make deliveries because the prices had risen too much.)
- Last year, another non-member broker of Jaipur, M.L. Gupta, pulled down the shutters of his posh office and vanished into the blue leaving dues of many lakhs.
- Every day, unlisted shares valued over Rs 7 crore are sold in Jaipur alone, though the official trading turnover of the exchange is a paltry Rs 2.6 crore.

KASLIWAL: *Unaware of any deals.*



THE MONEY RAKERS

Ranking of various cities in application money collection in 1990-91

Figures as a percentage of total collections	
Bombay	22.1
Ahmedabad	15.6
Delhi	12.1
Calcutta	6.9
Rajkot	4.6
Baroda	4.1
Jaipur	3.8

Note: The total amount collected as application money was Rs 3,628 crore.

- In the past five years, investors in Jaipur have lost over Rs 1,000 crore in these illegal deals.

What's it all about?

Thanks to the law which makes it mandatory for new companies to issue shares at par, many equity issues are underpriced. For issues by established companies too, the premia fixed by the controller of capital issues is often considered to be on the low side. Thus, there exists an unofficial market which claims to deal in these scrips (even before the issue opens) at a more "realistic" price. Though there is a ban on trading in shares before their listing, such deals are popular in every stock exchange. But it has spread like wildfire in Rajkot and Jaipur.

Officials, naturally, deny that anything of the sort happens. Says JSE president S.C. Kasliwal: "We are not aware of any such deals in unlisted shares conducted on the floor of the exchange. It may exist outside the exchange, traded by non-members." Adds JSE director H.C. Jain: "Because of the active interest of people in the primary market, the trade in unofficial premia has started; but the deals are struck outside the exchange."

BIG-BUCKS BUSINESS

But other JSE brokers admit that the real big-bucks business of the exchange is the trade in unofficial premia. Says JSE member Sanjiv Gupta: "This trade goes on openly and its turnover is at least three times the official trade. The official trade in the exchange only reflects the equalisation (settlement) of various deals after the issue is listed." Says an investment consultant based in Jaipur: "This trade is so prevalent here that during the brokers' conference called by the promoters of the company, active trading starts and deals worth lakhs are struck."

The games Jaipur brokers play have spread to the lay public in a big way. "Though it has a small population, Jaipur ranks second or third (in the country) as far as the number of applications are concerned," claims Jain. Figures, however, tell a different story: of the total Rs 3,628 crore collected as application money for shares in 1990-91, Jaipur accounted for Rs 138 crore or a mere 3.8%, ranking seventh (see table 'The money rakers'). And in 1989-90, its position was still lower by one, accounting for 4% of the total application money collected.

But that gives only part of the picture. "Merchant bankers do not pay much attention to this



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city and there is always a shortage of application forms," says Jain. He, for one, has opened an office in Bombay, though he operates only in Jaipur. It is said that brokers get forms from Delhi and Bombay and deposit them in those cities on behalf of their Jaipur clients. This adds to the share of other cities in the application sweepstakes, though it is actually the Jaipur investors putting up the money. Another reason for the low official ranking of Jaipur is the emergence of big financers, who apply in *benami* names from other cities.

Whatever the figures may say, everyone acknowledges the importance of Jaipur in the primary market, especially in the premia game. "Jaipur decides which issue will be oversubscribed and by how many times all over the country," says a knowledgeable source. And a whole host of forces are thus flexing their muscles in this market to push things their way.

The biggest force operating in this market is the management of the companies coming out with public issues. To get the issue subscribed, it must have a premium in this market. If there is none, the management ensures one, by buying their own shares before the issue. Thus one can see scores of issues getting oversubscribed by many times and then later quoting below par or simply vanishing from the traded shares list. This happened in the 1986-87 boom, and history is repeating itself.

EMERGING MARKETS

Response to the public issue of

Raymond Synthetics		Woolworth	
Bombay	5,12,450	Ahmedabad	1,58,934
Delhi	2,45,385	Bombay	96,801
Ahmedabad	5,54,754	Delhi	79,543
Jaipur	1,54,311	Calcutta	52,267
Calcutta	1,32,298	Jaipur	46,212
Rajkot	1,47,234		

Note: The figures are based on the number of applications received by banks in the above cities.

Promoters of well-known companies also make use of this market to get their issues heavily oversubscribed, thereby enjoying the benefit of many crores of interest-free funds for a long period. Since this practice is rampant, the authorities have imposed a ban, whereby the funds are not released to the promoters before the basis of allotment is finalised. But, after that, the money is at their disposal. Refund orders are often delayed and the small man loses out while big corporate houses make a killing. Brokers in Jaipur say that almost every company buys its own shares to jack up its premia. Says Gupta (quoted earlier): "Though such purchase orders come indirectly, one can make out the promoters' hand at work. Even I was indirectly involved in the case of Bonanza Pharmaceuticals and jacked up the premia from Rs 7 to Rs 25."

Though the promoters purchase their shares in a big way to ensure a premia, they make sure they are not left holding the baby once the issue is over. "Once the premium is raised to the required level, the promoters start liquidating their positions gradually. If they are still left with some shares, they announce expansion plans, and prospects of even rosier profits. This generates buying interest and gives an opportunity to the promoters to unload their earlier purchases," says a source involved in the process.

There are scores of speculators who specialise in trading in just the premium because no cash is involved

LOSING OUT

How people have lost by purchasing shares from the unofficial premia market before a public issue

Company	Date of issue	Price before issue (Rs)	Price on listing (Rs)	Present price (Rs) (25 Sept)
India Polyfibres	4.12.85	25	12	12.00
Apple Leasing	20.1.86	70	35	43.00
Batliboi	5.2.86	107	52	85.00
VIP Industries	18.2.86	137	55	82.00
Key Leasing	9.6.86	21	12	—
Vespa Car	28.5.86	26	12	8.50

Taking their cue from the promoters, many people in Jaipur have gone into the business of applying for new issues in wholesale fashion. The modus operandi is to make hundreds of applications of 100 shares each. The calculations are based on the unofficial premium and the number of times the issue is expected to be oversubscribed.

Take a share which is being quoted at a premium of Rs 50 and is expected to be oversubscribed 20 times. It is estimated that for every 25 applications for 100 shares, there is a fair chance of one clicking (the reason for the strike rate not being one in every 20 is because there are applications for larger lots of shares too). If this is hawked off immediately after listing, one can make a cool profit of Rs 5,000.

Against this, the application money for 2,500 shares (of Rs 10 each) is Rs 25,000. This would normally take about three months to be refunded. Thus one can get a return of Rs 5,000 on a Rs 25,000 investment — 20% over a three-month period. Of course, there is no assurance that there will be a definite allotment. So to hedge one's bets one should make more than 100 applications for each issue and for more than one issue. All this has an obvious snowballing effect.

NEW FORCE

And thus another force has entered the market — the financers. "They are the people with loads of money who do not know anything about any share. They are not bothered about the promoter or the project, but only care for the unofficial premium," says a source. Since one person can make only one application for a public issue, the financers generate hundreds of fake names. They computerise the names and addresses and applications are filled in by the computer. But it is not an easy task for financers to keep a record of over 100 names and bank accounts; hence they borrow names, paying a small amount if the applicant gets an allotment.

Everybody in Jaipur, right down to the humble vegetable seller, has his name on some list or the other.

This already convoluted unofficial market does not end there. Because the premia are manipulated, they tend to decline after the issue is over. Thus the operators sell off the shares even before they get an allotment. This, however, could put them in a tight spot if the issues are heavily oversold and the price actually increases after listing.



JAIN: *Looking outward*

Another kind of trade in unofficial premia which is gaining currency is known as STA (subject to allotment). People sell in advance at a lower premium but the deal is subject to allotment. If the person gets an allotment he delivers the share certificates, but if he fails to get any shares, the deal gets cancelled. "This kind of deal is generally between brokers and investors and the premium is half of the unofficial premium quoted in the market," says a source.

Then there are scores of speculators who specialise in trading in just the premium because no cash is involved. Having inside knowledge of management operations or guessing by volumes and other factors, they either buy or sell the share and later cover them.

All these operators are part of the canny tribe. Then there are the suckers who buy the shares unofficially, paying the hefty premium. In a really good issue, it may be worth it. But, more often than not, they are poor judges and are left with pieces of paper worth a fraction of what they paid for them. "Having purchased shares at high prices, people hold on to their investment hoping for a rise in prices, leading to blockage of funds," says Delhi-based broker Mahesh Natani. Some shares do not touch the same price even after years (see table: 'Losing out').

NEW BUSINESS

Why has Jaipur become a centre of this activity? "The reason is that there is a lot of money in the town but not much industrial or trading activity. The traditional businesses of jewellery, stones, marble carving and handicrafts are losing their glamour and people from these trades are investing in the primary market," says JSE president Kasliwal.

The glamour-seekers are gumming up the works. And, apart from the long-suffering laymen, more brokers are going broke as they try to make a quick buck quicker.

□ Shashi Shekhar

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When one leader supports another, confidence is re-defined.

Tomco & Gloria get married.

TWO'S COMPANY?

It's takeover time for the Tata Oil Mills Co (Tomco). The Homi Sethna-run company has quietly consolidated its eastern India operations by picking up the sick and closed Gloria Chemicals & Industries, a solvent extraction and laundry soap manufacturing unit at Kalyani near Calcutta. Tomco has pumped in over Rs 2 crore to acquire the unit without liability; Gloria remains a joint sector company with the West Bengal Industrial Development Corp (WBIDC) its other shareholder. The bill for the entire rehabilitation package: Rs 22 crore. Gloria's installed capacity will now be 15,000 tonnes per annum (tpa) of hydrogenated oils. It also has the necessary licences to make laundry soaps.



GUPTA: *Sensible agreement*

Gloria in its prime had been a big supplier of hydrogenated oils to Hindustan Lever, Tomco and Kusum Products. Explaining why the plant had to be shut down, Salil Gupta, former WBIDC chairman and now nominee chairman of the Gloria board (D.N. Ghosh is also a member), says: "Gloria became sick because of dishonest men in the company who siphoned off funds. The machinery for the extraction of rice bran oil was never installed. Even though the project was good, the promoter had other ideas."

According to Gupta, who was chairman of WBIDC at that time, the latter acted swiftly to tackle and salvage the situation after prolonged court cases were decided in its favour. WBIDC floated a tender for an experienced and solid party which could take over the unit.

Around then, Sethna met Gupta and told him that Tomco's decades-old plant at Calcutta, which made detergent cakes and perfumed and filtered coconut oil, was neither viable nor economical and so the company had no other alternative but to shut it down. The unit had other problems too: it fell within the city zone where expansion is not permitted and there was the pollution factor. In fact, Sethna said that Tomco was toying with the idea of shifting the plant to the no-industry district of Bankura.

Shared overheads. It then struck Gupta that the Gloria offer could solve Tomco's dilemma at one stroke. While the sick company could be resuscitated by Tomco, the latter's Calcutta plant could also be shifted to Gloria's spacious site at Kalyani. With shared overheads, the shifting and resulting costs would be minimised. The idea made sense to both parties.

With the final agreement for the takeover of Gloria formally signed, Tomco has got another 20 acres adjacent to Gloria's unit for relocating its Calcutta factory. Gupta predicts that ultimately this will be a big complex. He feels that by the time Tomco's project goes on full stream, the two combined units may well notch up over Rs 100 crore in sales.

Besides, Tomco has several unutilised manufacturing licences relating to its Calcutta unit in hand. And the WBIDC also has some licences which are expected to be transferred to Tomco. Gupta, however, is unwilling to give any details. "Possibly we might make a principal-to-principal agreement," he says. As for Gloria's future, Gupta is confident that the company "will be turned around in a year."

Meanwhile, the news of the reopening of the Gloria plant has brought back smiles on the faces of 65 workers who have suffered for the past five years, and can scarcely believe their luck.

The Chokhanis express courier aspirations.

GLOBAL LINK-UPS

Ask any courier professional how business is these days and pat will come the answer: "Good, but the competition ... phew!" That, however, doesn't seem to have deterred the Chokhani brothers of dry-dock fame from taking the plunge into the choppy waters. The duo has set up a new outfit Chokhani Global Express Ltd (CGEL) as an expression of their courier service ambitions. Says CGEL chairman Jagdish Chokhani: "The reliability factor is the only thing that matters in courier services," and this, he adds, "is where CGEL will have an edge over its competitors."

To ensure zero-error service, the company's operations are to be fully computerised at a cost of Rs 1.50 crore. An exclusive agent network will iron out any creases, if any arise. What will really give him an

advantage is a new system of keeping tabs on consignments. "Instead of the old tagging system, we will be using the bar-code system," says Chokhani. "This is more convenient," he adds. He explains that each consignment will be bar-coded and will be scanned using bar-code scanners connected to computers at various points to keep track of consignment movement. According to him, CGEL will be the first in the Indian courier business to use the bar-code system. DHL, he says, uses it, but only for its international cargo.

Large network. The company is also laying a lot of emphasis on its agent network, says Chokhani. CGEL will be appointing around 120 agents all over the country. There will be four regional offices in Bombay, Delhi, Calcutta and Madras, each monitoring 25-30 agents. An exclusive surface transport system to prevent delays is being planned. At present, says Chokhani, CGEL has 60 vehicles to provide an agent-to-agent link. The company's outlay for transport has been set at Rs 2.3 crore.

CGEL has also tied up with UK's largest courier company Abacus Courier which has offices in over 200 countries. Explains Chokhani: "We will be handling their cargo in India and they will be handling our international cargo."

The total project cost is estimated at Rs 6 crore and Chokhani's turnover target for the first year is Rs 40 crore. The company will begin its services from 1 March 1992. "We expect to capture 6-7% of the courier market in India." He, obviously, is not thinking small.



CHOKHANI: *Courier gambit*

The Mittals make a key move.

PLAYING SAFE

He's vaulted into an area which has traditionally been the domain of big banks. And Ajay Mittal (of the Mittal group) is sparing no pains to ensure that he hits the right keys while trying to get a lock on the market for safe deposit vaults and lockers in India. The 26-year-old MBA from Houston has set up Mega Safe Deposit Vaults Ltd (MSDVL) which will look after the business. Says Mittal: "We had property which we wanted to effectively utilise and we thought MSDVL would be a good idea."

MSDVL offers varying locker sizes from 4.5 inches x 6 inches to 15.5 inches x 20 inches with three schemes suiting various budgets. And unlike banks, there will be no 'not working' signs on Saturdays and Sundays; in fact, services will be available for 10 hours on each of these two days.

And customer-reaction has been great, claims Mittal. For instance, MSDVL's Nariman Point (south Bombay) branch, which was inaugurated on 16 May, has already seen 150 lockers (out of a total of 800) being snapped up. Among the big names in his pocket figure Citibank and American Express (Amex). While Citi is plumping for 100 lockers, Amex has placed a letter of intent for 20 large lockers.

Theft-proof guarantee. Mittal has chipped in Rs 3.5 crore towards the Nariman Point branch and another in Thane. Both are equipped with Godrej vaults in collaboration with the best in security systems worldwide — Chubb International. Thanks to that, Mittal is daring enough to offer a 100% theft-proof guarantee. Thieves gutsy enough to break in will have to deal with an in-built security system which includes vibrator alarms and movement detector mechanisms.

Mittal's blueprint for 1992 involves the opening of seven more MSDVL centres spanning Bombay's suburbs, Bangalore, New Delhi and Hyderabad, at an investment of Rs 10 crore.

Though construction activities may be its forte, the Mittal group also has paper, steel, flour, tyre and rubber and fibre-bag manufacturing interests. The group's travel agency — Trade-Wings — owns the Oberoi Bogmalo in Goa. Meditex, a unit manufacturing disposable latex examination gloves, also comes under Mittal's belt. "It's going great guns in the international market," says Mittal.

But currently he is focusing on MSDVL. Perforce, probably, because safe deposits vaults are not considered a "paying business" by several bankers. Will it prove a bankable proposition?

MITTAL: *Banking on Mega Safe*



OF DOOM & BOOM

S.V. KUMAR



The new millennium is descending upon us. According to futurologists, it will be exclusively an era of hitech, services and leisure. The working week will be reduced to four; the only industries extant will make fifth-generation computers, robots, optical fibres, 256/dynamic random access memory (dram) superconductors; the services required will be software programming, communications, giant interlinked computer systems (so that everybody can operate from home) and leisure.

The steel mill is doomed. No automaker will ever be profitable again. The glut in petrochemicals has ensured its early demise. As for oil, who needs it, with all the new alternative energy-sources at hand? Merchandising is strictly for those dinosaurs who got left behind in the 19th century. Biotech will guarantee a disease-free world and the only deaths will be those of pharmaceutical companies. Right?

Wrong, on all counts.

Every year, *Fortune* tracks the Global 500, ranking them on sales. Inevitably, the same names figure at the top. This is a deceptive indicator. General Motors, numero uno in sales, posted a $1.9 billion (Rs 4,750 crore) loss in 1990. So what parameters does one use to peer into the future?

Long-term corporate survival depends on efficiency and profitability: return on equity, return on sales, share-price gains and return on assets. *The Economist* has recently added another index: added value, or, a company's operating profit less its capital charge.

International BusinessWeek's Global 1000 data is a more accurate appraisal base. Here are the surprises.

The highest return on equity (472% — table I) was recorded not by a computer, biotech, software, optical fibre or robotic company, but by Gillette, which produces shaving products. Of the next 14, three each were in conventional pharmaceuticals/healthcare and publishing/entertainment, two each were in petroleum/petrochem, commodities, processed foods and public utilities.

Before we shift to returns on assets and sales ratios, one notable feature is sheer profit volume. *BusinessWeek's* table of the 15 biggest profit-earners (table II) lists seven oil/petrochem corporations, two each in food/tobacco and utilities, one each in engineering, autos, fiscal services and only one computer company (IBM). Reports of the death of the oil industry have thus been, to quote Mark Twain, "greatly exaggerated."

Now, for the return on assets (ROA) and back to an analysis of the *Fortune* 500. Table III shows that of the 10 highest ROA earners, six produced pharmaceuticals and healthcare products, two oil and petrochemicals, and two were mining companies. Nothing very hitech here.

As for returns on sales, the rankings again confound the optimistic futurologists. Table IV lists five drug companies, two mining, two producing beer and foods and one oil.

Note too, that the pharma companies are not into miracle biotech or gene-splicing, but plain simple therapies for ulcers, headaches, halitosis and the usual ills to which the human body is prey to. Glaxo gains admission into almost all the high-return leagues due to its anti-ulcer drug Zantac. It hopes to stay there in the nineties with its migraine-reliever, Imigran. Back to the basics?

Note too, that we are discussing the essential "efficiency" ratios. Not size or volume.

Now for a new tack. *The Economist*, collaborating with the London Business School, dismisses these conventional indices. Profitability, calculated as the return on capital is, it declares, a flawed parameter. A steel- or car-maker, with a high capital investment, earning the same profits as a toothpaste company is obviously disadvantaged. The latter will benefit from its labour-intensive (not capital-intensive) operations. The concept also favours companies with 'old' (that is cheap) capital and highly-leveraged firms. Thus *The Economist's* theory of 'added value' as an index of corporate efficiency.

And what do we find here? Table V (the biggest earners) includes in the top 30 nine oil companies, four each

TABLE I

RETURN ON EQUITY (%)

1. Gillette	472.2
2. Lyondell Petrochemical	358.9
3. Keisei Electric Railway	234.4
4. Dordtsche Petroleum	207.9
5. Smithkline Beecham	150.5
6. Ralston Purina	66.2
7. Elsevier	66.0
8. Racal Telecommunications	55.0
9. Syntex	53.8
10. Freeport McMoran	52.4
11. Canal Plus	51.0
12. Polygram	50.6
13. General Mills	50.0
14. Freeport McMoran C&G	48.4
15. Merck	48.2

Data: Morgan Stanley Capital International Inc, BW.
Source: International BusinessWeek.

TABLE II

PROFITS Billions of $

1. Royal Dutch/Shell	6.53
2. IBM	6.02
3. Exxon	5.01
4. General Electric	4.30
5. British Telecom	3.56
6. Philip Morris	3.54
7. Toyota Motor	3.19
8. British Petroleum	2.87
9. AT&T	2.74
10. Du Pont	2.31
11. Chevron	2.16
12. Nomura Securities	2.00
13. Unilever	1.98
14. Mobil	1.93
15. Amoco	1.91

Source: International BusinessWeek.

TABLE III

THE 10 HIGHEST RETURNS ON ASSETS

	Sales Rank	(%)
Lyondell Petrochemical	211	25.9
Merck	172	22.2
American Home Products	198	21.8
Smithkline Beecham	153	20.7
Iscor	290	19.4
Bristol-Myers Squibb	126	19.0
Sasol	401	18.4
Abbott Laboratories	225	17.4
Petroleos De Venezuela	43	17.2
Glaxo Holdings	280	17.0
The 500 Median		3.4

Source: Fortune

TABLE IV

THE 10 HIGHEST RETURNS ON SALES

	Sales Rank
De Beers Consolidated Mines	335
Whitbread	459
Petronas	322
Glaxo Holdings	280
Merck	172
Guinness	299
Eli Lilly	273
Codelco-Chile	404
Smithkline Beecham	153
American Home Products	198
The 500 Median	3.3

Source: Fortune

producing chemicals, cars, and providing utilities, three each making consumer electronics and food/tobacco and one each in engineering, retailing and computers (IBM). Whatever happened to the software, semiconductor and spliced-gene heroes?

TABLE V

THE BIGGEST EARNERS

Average annual added value 1981/82-90, Ecus bn*		
1. Royal Dutch/Shell (Holland/UK)	Oil	7.942
2. Exxon (US)	Oil	7.267
3. IBM (US)	Computers	6.970
4. General Electric (US)	Electronics	4.461
5. General Motors (US)	Motor vehicles	4.372
6. British Telecom (UK)	Telecoms	3.239
7. Philip Morris (US)	Tobacco, food	3.201
8. British Petroleum (UK)	Oil	3.194
9. Du Pont (US)	Chemicals	3.182
10. Ford Motor (US)	Motor vehicles	3.116
11. Mobil (US)	Oil	2.994
12. Chevron (US)	Oil	2.761
13. Amoco (US)	Oil	2.611
14. Matsushita Electric (Japan)	Electronics	2.456
15. Daimler-Benz (Germany)	Motor vehicles	2.443
16. Nestle (Switzerland)	Food	2.247
17. BAT Industries (UK)	Tobacco, insur	2.065
18. Texaco (US)	Oil	1.891
19. Hitachi (Japan)	Electronics	1.799
20. AT&T (US)	Telecoms	1.794
21. Unilever (Holland/UK)	Consumer prods	1.783
22. Sears, Roebuck (US)	Retailing	1.765
23. Bayer (Germany)	Chemicals	1.699
24. Hoechst (Germany)	Chemicals	1.626
25. Elf Aquitaine (France)	Oil	1.570
26. British Gas (UK)	Gas	1.566
27. BellSouth (US)	Telecoms	1.545
28. Phillips Petroleum (US)	Oil	1.522
29. Toyota Motor (Japan)	Motor vehicles	1.492
30. ICI (UK)	Chemicals	1.447

* At 1990 prices. Ecu indicates European currency unit.

Table VI showing added value as a percentage of sales shows an even more antediluvian trend. Of the top 30, the most efficient comprise: 15 public utilities, seven pharmaceutical companies, three in publishing/information, two producing luxury consumer goods, one airline, one restaurant and one computer service.

And now for the crudest evaluation factor: personal wealth. Excluded of course are six fortunate folk who are billionaires by accidents of birth — crowned heads, oil sheikhs et al. Of the richest self-made plutocrats, five got that way in real estate, four in industry (packaging, cars, shipbuilding, engineering), three in merchandising (Sam Walton figures among these), two each in publishing and food, one each in cosmetics (Estee Lauder), hotels (the Pritzker clan) and investment (Warren Buffett). The first self-made hitech billionaire is Bill Gates (Microsoft) who ranks a lowly twenty-first.

What lessons do we draw from all this analysis and number-crunching?

First, there are no sunset or sunrise, rust-belt or sunbelt, shrinking or sparkling industries per se. Industries depend for their survival and growth on efficiency and profitability. Not on mere sectoral classification. Silicon Valley is littered with as many carcasses of computer companies as Pittsburgh is with steel mills' cadavers. Conversely, the oldest of all businesses — retailing — grew fastest when managed by a man like Sam Walton.

Second, hitech industries only serve the needs and complement the efficiency of conventional companies. Toyota's lean production style and tight inventory-control which makes it the world's most profitable automaker only derives support from computerised operations. The Amadeus or Sabre airline computer systems have revolutionised the business of reserving a seat to your destination. It still takes an aircraft to get you there. And fossil fuel to make it fly.

TABLE VI

THE BEST OF THE BIG*

Added value as % of sales, average 1981/82-90		
1. Glaxo (UK)	Pharmaceuticals	27.8
2. Cable & Wireless (UK)	Telecoms	23.1
3. Public Service (US)	Utilities	22.9
4. Merck & Co (US)	Pharmaceuticals	22.3
5. Eli Lilly (US)	Pharmaceuticals	21.7
6. American Home Prod (US)	Pharmaceuticals	21.5
7. PSI Resources (US)	Utilities	20.7
8. Ohio Edison (US)	Utilities	20.3
9. Baltimore Gas & Elec (US)	Utilities	20.1
10. Cathay Pacific (Hongkong)	Airlines	19.9
11. SCE Corp (US)	Utilities	19.3
12. Dow Jones (US)	Publishing	19.1
13. Commonwealth Edison (US)	Utilities	19.1
14. Rank Organisation (UK)	Leisure	18.9
15. Reebok International	Leisurewear	18.9
16. Deluxe Corp (US)	Computer services	18.7
17. LVMH Moet/Vuitton (France)	Luxury goods	18.5
18. Syntex (US)	Pharmaceuticals	18.4
19. Niagara Mohawk Power (US)	Utilities	18.1
20. Reuters (UK)	Information	18.0
21. British Telecom (UK)	Telecoms	17.9
22. Peoples Energy (US)	Utilities	17.9
23. Abbott Labs (US)	Pharmaceuticals	17.4
24. Duke Power (US)	Utilities	16.4
25. Gannett (US)	Publishing	16.3
26. Detroit Edison (US)	Utilities	16.3
27. Bristol-Myers Squibb (US)	Pharmaceuticals	16.3
28. MCDonald's (US)	Restaurants	16.3
29. Entergy (US)	Utilities	16.1
30. Southern (US)	Utilities	16.1

*Companies with annual sales more than 1 billion Ecus.
Source: The Economist.

Third, there always will be the conventional industry — big and growing bigger — if it is properly managed. Real estate, petroleum, steel, cars, basic chemicals and retailing will always be in demand. Food, textiles, utilities, pharmaceuticals and primary commodities are recession-proof. (Leisure services and luxury goods are not.)

Four, innovation (Glaxo's Zantac), market-niching (Wal-Mart department stores), service quality (IBM) and value-for-money (McDonald's) still matter.

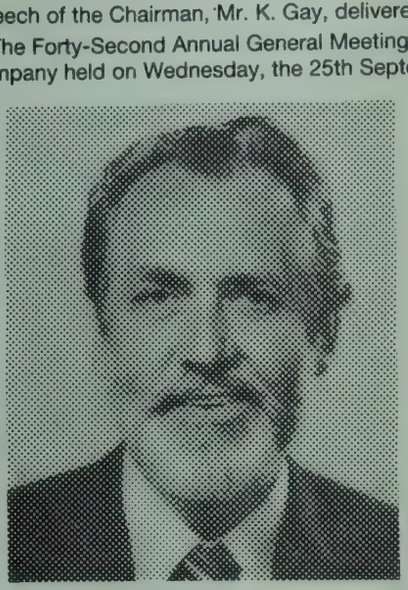
Finally, corporate growth and efficiency still rest on what Peter Drucker described as management's three-legged stool: "production, finance and marketing."

• *The author is the chief executive of Bank of Oman, Bombay.*

Burroughs Wellcome

Regd. Office: 16, NGN Vaidya Marg (Bank Stre

Speech of the Chairman, Mr. K. Gay, delivered at
The Forty-Second Annual General Meeting
of the Company held on Wednesday, the 25th September 1991.



Mr. Keith Gay

Ladies and Gentlemen,

It gives me great pleasure to welcome you to this Forty-Second Annual General Meeting of your Company.

The twelve months that have passed since I addressed you last were an eventful period, a year of dramatic changes, nationally and internationally.

The nation has gone through the trauma of the tragic assassination of the former Prime Minister, the late Mr. Rajiv Gandhi. In his untimely and tragic death India, has lost a young leader of great promise and charisma, who was universally admired and respected for his commitment to rapid economic progress, dedication to peace and his world view of national and international problems.

THE ECONOMIC SCENE

In spite of some moderately favourable trends in the economy with regard to the growth in Gross Domestic Product performance of agriculture and industrial production, inflationary pressures on price levels increased very substantially since mid-1990 due to a combination of internal and external factors. Inflation reached a double digit figure with the wholesale price index (1981-82 = 100) registering an increase of 11.7% in 1990-91 as against 9.1% in 1989-90 and 5.7% in 1988-89.

There was a sharper increase in Consumer Price Index (1982 = 100) of 13.6% in 1990-91, which was more than double the increase in the previous year of 6.6%.

Among the external factors that adversely affected the Indian economy, particularly towards the close of the year, was the slower growth of exports and faster expansion of imports, mainly on account of the sharp increase in oil prices consequent on the Gulf War.

The impact of these developments on the Balance of Payments was devastating. The heavily strained Balance of Payments position left the Government with no option but to impose severe restrictions on imports, which may adversely affect the rate of industrial growth in the longer run.

INDUSTRY SCENARIO

The stresses and strains of the economy were reflected in the operations of the pharmaceutical industry for which 1990-91 was an exceptionally difficult year. The cost of almost all locally available raw materials, packing materials, utilities and services continued to rise relentlessly. The Gulf War and the sharp increase in prices of all petroleum-based raw materials gave a further push to the inflationary spiral. On top of this, steep rise in interest rates charged on working capital and devalution of the rupee further fuelled the inflationary flame.

Appropriate and timely adjustment of end product prices to compens for the increase in input costs was critically important for price contro products in such an inflationary situation. Unfortunately, this could happen because Government kept applications for price fixation/revision pending for long periods. Many prices, therefore, remained frozen as a consequence. In the few instances where pric revisions were granted, those were subject to an arbitrary ceiling of 5 as well as limited to one revision in a period of 12 months.

NEW POLICY INITIATIVES

The Government has recently announced a package of economic measures to open up the economy, making bold and structural chang in the industrial and trade policies, with a view to attracting foreign investments and technologies, and stepping up exports. This is a v welcome move in the right direction, but unfortunately there are no visible signs as yet that the wind of change sweeping the economy blow in the direction of the pharmaceutical industry. On the contrary, pharmaceutical industry seems to remain isolated from the main strea of the Indian industry.

Under the new industrial policy announced by the Government, pharmaceuticals have been included in the list of high priority industri for which approval for direct foreign investments up to 51 percent for equity and automatic permission for foreign technology agreements be given, subject to certain conditions. It is surprising that when the industrial licensing has been abolished for most of the industries, pharmaceuticals are among the few industries which will continue to subject to compulsory licensing. Although, it is reported that the Government is formulating a separate new policy for our industry, t seems to be a retrograde step as the industry has virtually been delicensed so far.

The pharmaceutical industry is an ideal case for complete freedom fr the shackles of licensing and price controls. It is a classic example market economy with about 20,000 manufacturers – large, medium small and tiny – operating in a fiercely competitive environment. Even no all small scale units, which run into thousands, are free from price con except for a miniscule percentage of their products. Price control is force only in respect of about 150 large-scale units.

PRICE CONTROL

Let us see how price control has worked in practice. At present abo 75% of all formulations sold are under price control. For your compar as much as 95% of the total turnover falls in the controlled categor There is a dual control on prices and profits. As a result of this cont and also due to the prevailing competitive situation, price increases have been minimal. According to the official index of wholesale pric (base 1981-82 = 100), the average annual increase in the index of dru and pharmaceuticals during the ten year period 1981-82 to 1990-91 5.5 whereas it was 9.2 in the case of all commodities.

The price control scheme, embodied in the Drugs (Prices Control) Orde incredibly complex, cumbersome and impossible to administer efficie and speedily, considering the limitation of the Government's administra machinery which has proved itself unequal to cope with this enorm task, having regard to the large number of bulk drugs and the seve thousands of their formulations coming under price control at pres

It is, therefore, not surprising that, at any given time, there is consider backlog of price revision applications pending with the Governmen

As a result of the delay in price fixation/revision, manufacturers are unable to recoup their rising costs. With sharply declining profit marg investment and growth in production have suffered resulting in shortages of several essential drugs. Delays in price approval also as a major deterrent to investment decisions.

In my view, the only practical way out of the impasse is to remove product-wise price control.

There is no need to fear that removal of price control will result in spurt in drug prices. If one were to go by market responses and t experience of price control in India, there is every likelihood of d prices rising at a lower rate than general inflation, which effectiv



means that prices of medicines would actually fall in relative terms. There have already been several instances of this happening due to a combination of competition and increase in efficiency and volume in respect of products presently outside the ambit of price regulation.

Government's apprehension that its health programmes will be affected adversely if prices of medicines were to increase is not warranted because the industry is firmly and publicly committed to supplying drugs to the Government at specially negotiated, low prices in special packings. In any event, the public institutions buy medicines on the basis of tenders and as such the existing control on maximum retail price is irrelevant as far as the cost of medicines in the public health programmes is concerned.

FINANCING OF GROWTH

There is another important reason for doing away with price control as it is presently conceived and administered. This is the compelling need for quantitative and qualitative growth – in investment, production, technology, quality assurance and good manufacturing practices – without which the Indian pharmaceutical industry cannot hope to meet the rapidly rising demand for medicines for internal consumption and export. The best means of growth comes from within. The industry has to generate enough funds for reinvestment in expansion, new technology and quality improvement. This is possible only if prices are remunerative and margins are adequate both to meet the current operating costs and leave sufficient surpluses to finance growth.

Current output of medicines in the country is hardly 2% of the world production, although India has 15% of the world's population. The per capita availability of drugs is Rs. 47 per head per annum; in the rural areas it is less than Rs. 10 per capita.

These telling figures underscore the urgent need and the enormous potential for growth of the pharmaceutical industry.

A few years ago, the National Council for Applied Economic Research (NCAER) estimated that the demand for medicines by the year 2,000 A.D. will be Rs. 16,000 crores. In addition, the country will have to produce sufficient surpluses for export for which a target may be put at Rs. 5,000 crores as against the export of Rs. 785 crores in 1989/90.

The best means of growth comes from within. The industry has to generate enough funds for reinvestment in expansion, new technology and quality improvement. This is possible only if prices are remunerative and margins are adequate both to meet the current operating costs and leave sufficient surpluses to finance growth.

Therefore, to meet the domestic requirement and for export, the country will have to produce medicines valued at Rs. 21,000 crores by the year 2,000 A.D. This is five times the current production. To achieve this level of production is a challenge and an opportunity. Fortunately, the Indian industry has the technological and managerial capabilities to meet the challenge. What is called for is adequate resources and appropriate policy support from the Government to translate the industry's capabilities into more investment and more production.

I do hope that the new Government will deal with the pharmaceutical industry and its problems with the same pragmatism, which it now shows some signs of bringing to bear on the management of the economic crisis now facing the nation.

PERFORMANCE AND FUTURE OUTLOOK

The Company's sales net of excise duty during the financial year under review amounted to Rs. 82.31 crores as compared to Rs. 68.13 crores during the previous thirteen months period ended 31st March 1990. This represented an increase in sales of about 31% on an annualised basis. The post-tax profit achieved by the Company for the year under review was Rs. 266 lakhs as against Rs. 192 lakhs for the previous period. The increase in the post-tax profit was mainly due to the increase in the volume of sales, but as a percentage of sales, it showed only a marginal increase viz., from 2.82% to 3.23%. This again was largely on account of various measures taken by the Company to control costs and improve all round operational efficiencies rather than the meagre price increases received for a few products during the year against long pending price revision applications.

The sales growth of 31% achieved during the year, which was higher than the industry's growth rate of 26% in the corresponding period, was very commendable, considering that this was achieved almost entirely with old products.

The Company has concrete plans for introducing new products, both from Wellcome and non-Wellcome sources, for its future growth, for which a time bound programme has been drawn up.

ZOVIRAX (Acyclovir) for the treatment of herpes virus infections, which was launched in August 1990 in certain selected markets and nationally towards the end of the year, was the only new drug introduced by the Company after 1974, when its leading antibacterial product SEPTRAN was launched in the country.

Apart from ZOVIRAX tablets, ZOVIRAX I.V. which is indicated for the treatment of severe and life threatening herpes virus infections, and will, therefore, be of particular use to hospitals and institutions has also been introduced, and the marketing of a complete range of ZOVIRAX formulations both for topical and oral use is receiving urgent consideration. The Drugs Controller, India, has approved the use of Acyclovir oral suspension for the treatment of chicken pox, and it will, therefore, considerably widen the market prospects of this product.

Two more new drugs viz., TRACRIUM (Atracurium), a new muscle relaxant of Wellcome discovery and Theo PA (Controlled Release Theophylline) – a drug with a new delivery system locally developed – for the treatment of bronchial asthma have since been introduced in the country. ACTIFED plus, an extension of the existing cough and cold product, ACTIFED, is due to be launched shortly.

The Company has entered into a licensing arrangement with Messrs Fujisawa Pharmaceutical Co. Ltd., Osaka, for the manufacture and marketing of their injectable and oral third generation Cephalosporins, of which the former is expected to be introduced early next year, and the latter is now undergoing clinical trials. Negotiations are in progress also with other international companies for licensing in of their potential new drugs with a view to broadening the Company's product base.

In view of the highly restrictive and unrealistic drug pricing policy, your management feels that diversification might be necessary to ensure continued growth and prosperity of the Company. To this end, a number of projects in the field of chemicals and intermediates having a broad based end use, including pharmaceuticals, are being considered.

While the new Drug Policy, which is to be announced by the Government is now awaited, the main problem facing the drug industry is really not licensing but pricing, and the future of the industry, consequently that of your Company, will largely depend on what relaxations are made in the drug pricing policy which, the Government is reviewing at present.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to express my sincere gratitude to the shareholders for their wholehearted co-operation and support.

I also wish to record, on behalf of the Board of Directors, our deep appreciation of the dedication and effort of all sections of the employees of the Company throughout the year.

N.B.: This does not purport to be a report of the proceedings of the Annual General Meeting.

Numaish/BWIL/91

The Indian tyre industry could be in for trouble.

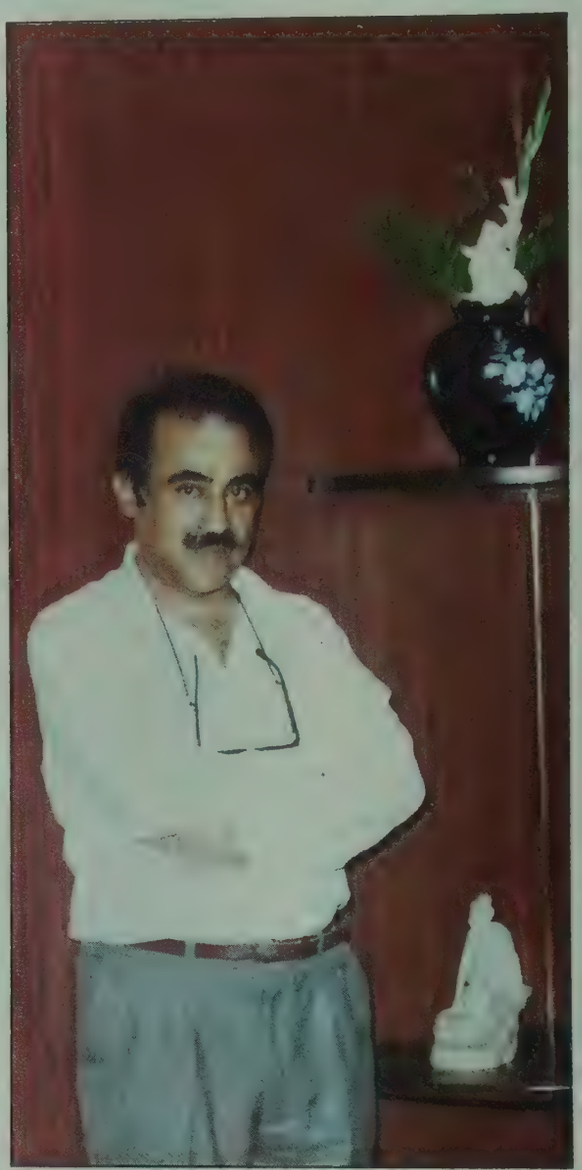
DEFLATED FORTUNES?

On the face of it, India's tyre industry seems to be cruising along just fine. Demand, production and population of automotive vehicles have been on the up. To keep up with the growing needs of automobile manufacturers, tyre-makers have been going on expansion binges regularly. Almost every company worth its name — MRF, JK, Apollo and Modi Tyres, among others — has added on new production capacities. On the bourses, the bulls have welcomed the attractive numbers the companies have unveiled by boosting tyre scrips to new price highs.

But wait, don't let the prima facie picture take you for a ride. Probe a little deeper and look to the long term. You'll discover that there are wheels within wheels, tyres within tyres. If the industry doesn't steer carefully, many a player could well drive over the several potholes littering the road and land up with a flat.

Among the major problems is the queer situation of supply outstripping demand which the industry has been living with for quite a while now. Tyre-makers have developed this uncanny ability to produce more than what is needed. Last year, for instance, while production increased by 9%, demand rose by a piffling 3%. Undaunted, tyre-makers have been merrily expanding despite the fact that most plants operate at only 70% of installed capacity. The industry has also seen a new entrant in the form of the long-in-gestation Birla Tyres, which will produce 1 million tyres annually and will cater to Maruti cars, trucks and buses.

Says JK Tyres senior vice-president (marketing) V.C. Vishwanathan: "Yes, I do think that the tyre industry in India is passing through a crucial phase but there is no cause for panic. Fortunately, industry is still growing here. All the sectors — cars, light commercial vehicles (LCVs) and heavy vehicles — are growing. Since our fortunes are closely linked with the automotive industry, this is good news for us."



RAVINDRAN: *No cartel*

Dipping sales. But there is bad news on another front which has led to a fall in demand in a big way: a shrinking replacement market. This segment consists of truck operators and private owners who decide to go in for new tyres for their vehicles and forms the largest chunk of tyre-buyers. While other conventional customers — which include state road transport undertakings (SRTUs), original equipment manufacturers (OEMs), the Central government (for defence requirements) and overseas buyers — have not turned buying shy, the replacement market has been witnessing dipping sales. "The demand in this segment is becoming lower and lower," says Modi Tyres general manager (coordination) K.L. Saigal. The reason, he reveals, is that technological advancements have made tyres more durable. Says Saigal: "The growing retreading business has eaten into our market. Now retreading is so efficiently done that a worn-out tyre can still give 40% of its original mileage."

Besides, strict measures taken by the authorities to check overloading, an improvement in road quality in certain parts of the country and the longer life of radial tyres are some of the other reasons for the drop in sales. A truck transporting goods needs an average of 12-15 tyres a year. And this average is improving every year.

An idea of how supply exceeds demand can be gauged by considering the performance of a major manufacturer of truck and bus tyres which produced 8.34 lakh of them in 1990-91. Of these, 98,000 tyres were supplied as original equipment to vehicle manufacturers (the selling price here is usually 5% less than in the replacement market), 83,000 to SRTUs (cost 4% less), 12,000 to other government agencies (cost 6% less) and 44,000 tyres were exported. Even if an optimistic 5 lakh tyres were put into the replacement market there is still a surplus of 1 lakh-plus (12.5% of production). That is why the inventory level of the average tyre company is almost 25% of turnover.

One way to reduce that level would be to export in a big way. But sadly, the industry's export scorecard has been downright ordinary. The high cost of production, various taxes, inability to make different-sized tyres and those suited to varying road conditions are some of the hurdles the industry has been facing. But export the industry will have to; in future, it

may well become a survival issue. Already, the Automotive Tyre Manufacturers' Association (Atma) has jacked up the export target from Rs 180 crore last year to Rs 300 crore for 1991-92. When a Birla Tyres official is queried about the reason for the company's entry into a market that is oversaturated, the immediate reply is "exports." But then comes the rejoinder: "We will, of course, cater first to the domestic market but eventually (we will) look at exports." However, the bumps that the international big boys are experiencing will not make the going too easy; in fact, globally the tyre industry is in a recession.

The rate at which the major players are expanding, setting up new plants and increasing production capacities, mergers and takeovers of the smaller setups seem imminent. "It will happen sooner or later," feels Atma general secretary D. Ravindran. "There are something like 29 companies registered with us. I doubt if all of them will be able to survive for long," says he. Agrees Vishwanathan: "Those who have the capacity to expand and who have gained a name over the years due to customer satisfaction will grow. And others will necessarily have to go out, either merge or just fade away." Even now about 87% of the total market is shared between the top five companies.

The cartel issue. With the big boys having so much muscle, there are inevitably suggestions of there being a cartel in the industry. In fact this was a hot topic of debate when, in 1984, many companies suffered heavy losses but recovered miraculously thereafter. There were suspicions of some secret deals among the manufacturers on prices and production. It even put the Monopolies & Restrictive Trade Practices Commission on red alert.

If the tyre industry doesn't steer carefully, many players could land up with a flat

Industry sources, however, pooh-pooh all allegations of the existence of a cartel saying that the entire concept is the creation of vested interests. "Just see the way each company is vying for the consumer's attention and spending lakhs on advertising to promote products. How can there possibly be a secret understanding?" asks Ravindran. Adds D.V. Kohli, an industry veteran: "Even if one wanted to have some sort of a deal, the tyre industry is such that no two people share the same point of view."

Nonetheless, the cartel theory has again gained in strength — especially in the wake of the rupee devaluation and the Union budget. In fact, another dimension, that a rift had developed in the cabal over how much tyre prices should be hiked up by, has been added to it. Recent reports said that while one faction voted for a 9-10% increase, the other vetoed it and demanded a 15% increase at the least. "All this is a figment of the imagination of a section of the press," says Vishwanathan. "There is no such thing as a cartel, so where is the question of a rift? When I want to increase my tyre prices, I only consult my management and nobody else." Anyway, there apparently was some patchup of sorts as the industry settled for price increases of 10.5-12% (truck and bus tyres), 13-15% (cars and jeeps) and 20-22% (tubes).



A TYRE PLANT: *Cause for panic?*

Saigal of Modi Tyres explains why prices of all tyre brands currently are more or less the same. Says he: "All of us get most of the raw materials from the same places, at identical prices. The production inputs are almost the same. The marginal price difference between the brands is only due to different managerial strategies of the companies." In fact, companies are so hard-pressed to keep their costs low that a major new entrant is toying with the idea of altogether dispensing with a corporate office. It plans to have a large number of smaller dealer-offices which would be independent profit centres.

Wait and watch. As for the new industrial policy and other policy changes, most in the tyre industry have adopted a wait-and-watch approach. A tax relief was also half-heartedly expected in the budget but, perhaps, no major hike was itself a relief. Interestingly, tyres are taxed more than even luxury goods like VCRs! The industry would like some sort of price control on raw materials like rubber and nylon tyre cord. In the case of rubber, there are some peculiar problems. Kerala holds the monopoly in producing rubber in that it supplies almost 90% of the tyre industry's requirements. Hence, the issue has even taken on political hues.

Post-liberalisation, the possibility of international names hitting the Indian market is not given much of a chance by the industry. Allowing 51% foreign equity is all right, the players say, but it is not as though the international firms are just waiting to make an entry. So why would they come here, they ask. But most agree that if even one foreign major decides to make an entry, the industry might go topsy-turvy.

That could happen anyway for the Indian tyre industry could do with some retreading. But if industrial growth keeps up, it need not necessarily be a flat tomorrow.

□ Satish Padmanabhan

Making the Indian International

Excerpts from the speech of Shri J.N. Sapru, Chairman, I.T.C. Limited, at the 80th Annual General Meeting held on 23.9.1991.



Shri J.N. Sapru

THE CHANGING WORLD

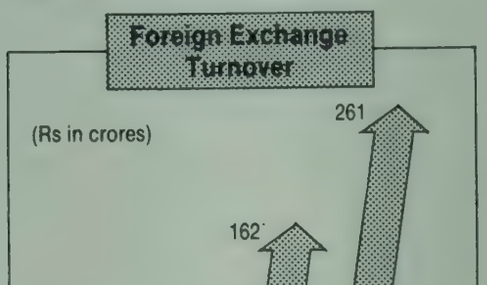
A new world order is clearly taking shape which is demanding better economic performance and greater freedom from misplaced authoritative control.

Events in our own country have been no less momentous. The rising tide of terrorism and fissiparious tendencies in several parts of the country are themselves, to a large extent, the outcome of our very unsatisfactory economic performance. A young and promising life —Mr. Rajiv Gandhi's — has been snatched from us by the cruel hand of terror. Whatever be our own persuasions, let us pause for a moment and delve on the Vision for which he had to sacrifice his life. Let us become worthy inheritors of the Great Indian Dream, and designers and implementors of its realisation.

PERFORMANCE HIGHLIGHTS

Your Company's very strong performance again this year is a continuing tribute to the work and zealous efforts of your employees and the patronage of our customers. In comparison to last year, gross income at Rs. 2316 crores increased by 27% and net income at Rs. 1014 crores by 50%. Profit before tax has crossed the century mark for the first time at Rs. 121.39 crores and foreign exchange turnover at Rs. 261 crores has reached a record peak. Post tax profits at Rs. 77.52 crores were 47% ahead of last year. In the context of this good performance, and with the prospect of another even better year ahead, your Board has thought it prudent to recommend a confirmation of the interim dividend of 54% as final, and another bonus issue of 3 shares for every 5 held, only two years after a 1:1 bonus announcement.

Compared to 1982, your Company's gross income has nearly quadrupled. Net income has increased over five and a half times, and contribution to the Exchequer at Rs. 1345 crores has increased over three times. During the same period, profit before tax has increased sevenfold and profit after tax, tenfold. What has given us even greater satisfaction has been our achievement in the past three years on the export and foreign exchange front. With foreign exchange turnover at Rs. 261 crores in 1991, your Company is perhaps the country's largest earner of foreign exchange in the private sector.



I would like to here pay tribute, and record my sincere gratitude and appreciation to my colleagues and employees at all levels, who have given me their unstinted support and without whose dedication and efforts these sustained results would not have been possible.

FUTURE PROSPECTS

Through strategic interventions and actions, your Organisation has been designed as a successful multibusiness corporation. It will continue to be our endeavour to 'visioneer', restructure, reorder, and re-skill your Company, such that it remains competitive in its businesses, and we are able to safeguard your returns and your investments in the immediate and in the future.

TRIBENI TISSUES LTD.

I am pleased to advise that the Scheme of Arrangement as approved by you for amalgamation of Tribeni Tissues Ltd. with your Company is progressing most satisfactorily and all approvals and completion of the amalgamation is now anticipated by December, 1991. The Department of Company Affairs, Government of India, has approved the amalgamation by its order dated 6th September 1991.

The High Court at Calcutta has also pronounced approval of the said amalgamation on 11th September, 1991 and the certified copy of the order is awaited. On receipt of the latter, the other procedures and approvals will be expeditiously completed and, as approved by you, the amalgamation will be given effect to from 1st April, 1990.

In relation to clause 13 of the terms and conditions of the Scheme of Amalgamation, the respective Boards of your Company and Tribeni Tissues Limited shall meet before 30th September, 1991 to extend the date of implementation from 30th September, 1991 to a suitable date thereafter.

EXCISE

I would like to only reiterate that your Company has not ever evaded excise duties, nor knowingly transgressed the law. In the opinion of your Directors, your Company accepts no further liabilities in respect of the disputed issues and will continue to take all appropriate steps for their early and satisfactory resolution.

ITC — ITS PRINCIPAL PILLARS

But what are the foundations of the success of your Corporation? What are the 'Pillars of Wisdom' on which the ITC edifice is founded ?

- First, a criticism, and one that is not wholly unjustified of business especially in the developing world, is that businessmen want the commercial margins of brands but prefer to sell commodities. Your Organisation has never belonged to this category, and this anachronistic tendency is suicidal in the emerging global game. We believe in creating branded values in differentiating our products through investments in value addition. Marketing processes encompass all the functional facets of your Company's businesses, and this reality will better equip us with confidence to eventually take our place in the emerging international competitive order.

- Secondly, ITC is a professional Corporation. It is professional in that ownership is separated from control, and Company policy places a premium on keeping human skills well-honed and contemporary. It is in professional companies that Meritocracy can truly thrive. As the global order unfolds with its many imperatives and ramifications, Meritocracies will have a singular advantage. In the seething intensity of international competition, the vital difference between organisations will be the relative abilities, motivations, and morale of its people.
- Finally, we believe in the importance of good corporate citizenship and the value of commercial results. Profits are fundamental for progress, and as I have reiterated before, bankrupt businesses do not make a strong nation. Whilst we commend a fair return on investment, we hold that profiteering is the very anathema of good corporate citizenship. In the changing world view of business, corporations exist by societal sanctions not only to create wealth, but to steward the earth's and societies' scarce resources. This world view matches a dominant characteristic which has ingrained itself into the fibre of your Corporation as it has developed and evolved.

The performance of your Organisation, therefore, and the principles on which it is based, have mpered and conditioned your Corporation dvantageously to face looming global challenges. a competitive world it is the fittest that survive. ewer technologies will have to be absorbed and astered, Quality and Productivity will be the ew buzz words. If we have survived and prosered thus far by making investments in learning, e must redouble our efforts and learn at an creasingly faster rate.

HE NEW INDUSTRIAL POLICY

In response to the remorseless logic of factors ading to the creation of a global economy, the overnment must be complimented for formulatg the 'New Industrial Policy'.

Viewed in isolation, India's economic develpment may pass muster. However, a comparative sessment with an evoked set of comparable untries shows substantial scope for improvement in our performance. The people of India will ot keep waiting for the fulfilment of promises. olitical independence without economic nancipation is an unacceptable contradiction.

Therefore, the New Industrial Policy is a significant measure to unchain the Indian Tiger.

We will now have to be much quicker and more dynamic in our response to environmental challenges and opportunities. To succeed, we must achieve levels of international competitiveness in terms of Productivity and Quality. International alliances and even ownership will encourage technology transfers, increase export possibilities, and create contemporary skills and expertise. To avail of the advantages created by economies of scale and ancillarisation, acquisitions, mergers, and divestments as part of the global game will become 'things of the present'. With the New Industrial Policy, India has taken a long and strategic stride in becoming a 'global platform' competing in the comity of nations for capital and enterprise in the pursuit of progress.

In an interdependent world it is a matter for thought whether capital and technology transfers could be or should be merely a one-way traffic. Our colonial past has, perhaps, created a paranoic fear of multinationals, to the extent that we have restrained and inhibited our own companies from becoming multinationals and thereby participating in the progress and prosperity of other nations to our advantage. We have inflicted upon ourselves these self-imposed sanctions. It is time that we allowed our companies to carry the Indian Flag abroad by establishing joint ventures and/or owning companies abroad. Thus, not only can the world experience the calibre of our people and products, but in so doing, transfer and absorption of technology are facilitated as also the absorption of contemporary work cultures and practices. In short, there is a crying need to promote Indian Internationals.

Whilst lauding the New Industrial Policy, there must be no delay in its implementation. If the New Industrial Policy is actualised, it will become the corner-stone in the realisation of the Great Indian Dream.

STRATEGY—PRODUCTIVITY AND QUALITY

Productivity and Quality are two inseparable and complementary key areas for strategising for future success. We must remove the anomaly we have perpetuated for four and a half decades that the same factors of production and work ethos and ethic, can create two different qualities, one for the domestic, and yet another for the international market. To achieve acceptable international levels of Productivity and Quality and instil pride and meaning into the 'Made in India' label, we must develop the appropriate structures, systems, and skills.

CONCLUSION

On a somewhat personal note, I had joined your Company as a young man straight out of college, and have served it continuously for nearly thirty-seven eventful years. It has been my privilege to have been a director on the Board for the last eighteen years, and to be the Company's Chairman for the last nine years.

There are so many individuals and institutions to thank that no speech could include all of them. I convey my appreciation, gratitude, and thanks to all the stakeholders, and my good wishes for the continuing progress and prosperity of your Company. I am conscious that the career of an individual is but a breath or two in the infinite existence of an organisation. But when I shall look back in the years to come, I will take pride in the knowledge that I retired from an Organisation that is strong and viable and poised for scaling greater heights; that it is in the hands of people, both at the helm and throughout the length and breadth of the Organisation, who are visionary, capable, dedicated and committed to making the 'Made in India by ITC' a household name throughout the world.

This does not purport to be a report of the proceedings of the 80th Annual General Meeting.

For the full text of the speech, please write to :
The Corporate Public Relations Manager,
I.T.C. Limited, Virginia House,
37 Chowringhee, Calcutta 700 071.

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NEWS BRIEFS

■ The government proposes to rationalise the pricing system of **social services** like health, higher education, water, electricity and transport, according to *The Economic Times*. The objective is to abolish the hidden subsidies in these sectors and ensure that the affluent sections of the population pay for these services, says the report.

■ The **import curbs**, imposed by the government following the foreign exchange crunch, will gradually be relaxed beginning October-end, according to Union finance minister Manmohan Singh.

■ The Federation of Indian Chambers of Commerce & Industry (**Ficci**) has urged the government to extend the Modvat credit scheme to capital goods to offset the cascading effect of taxes. This is to make those goods available at minimum possible prices.



DRUG INDUSTRY: *Prices to be revised*

■ The Union cabinet has cleared the law ministry's proposal for extending the ambit of the Monopolies & Restrictive Trade Practices (**MRTP**) Act to cover the services sector and even cooperatives.

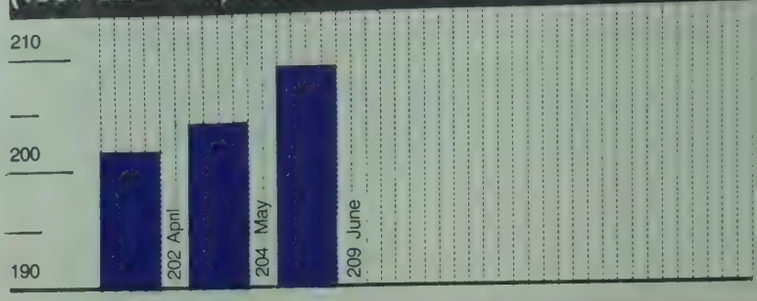
■ The **Aid-India Consortium** has pledged an assistance of $6.7 billion, including an immediate balance-of-payments help of $2.3 billion, to meet the country's import needs. Meanwhile, Japan has also announced concessional loans worth ¥106,594 million (Rs 2,000 crore) for the current financial year.

■ The Centre has agreed to revise **drug prices** on the basis of the recommendations of the Bureau of Industrial Costs & Prices (BICP) on packaging material costs.

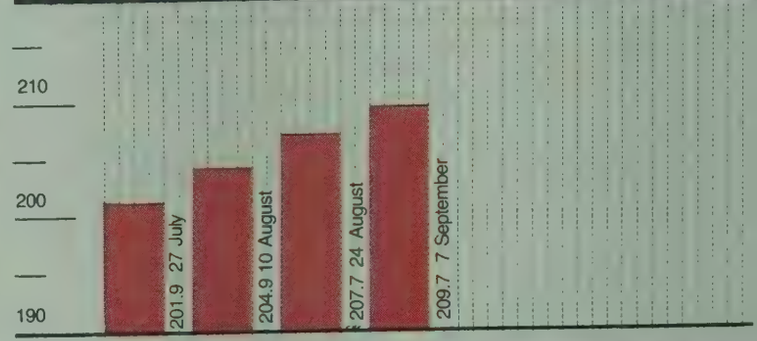
Foreign Exchange Rates (Spot) 1991

	23 September (Rs)
One P. Sterling	45.00
One US Dollar	25.80
One D. Mark	15.36
One hundred J. Yen	19.20
One Saudi Riyal	6.89
One Kuwaiti Dinar	89.21

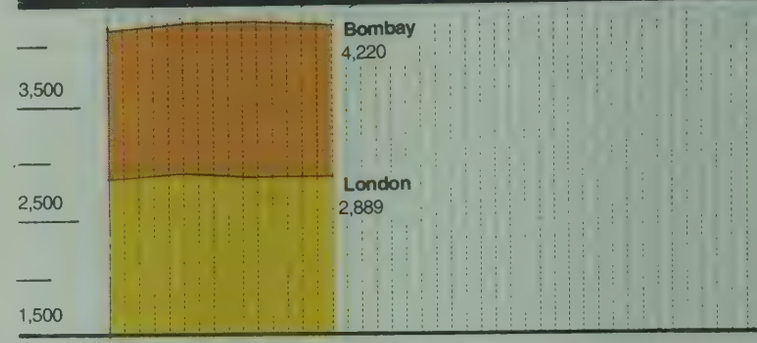
Consumer Price Index for Industrial Workers (1981-82 = 100) 1991



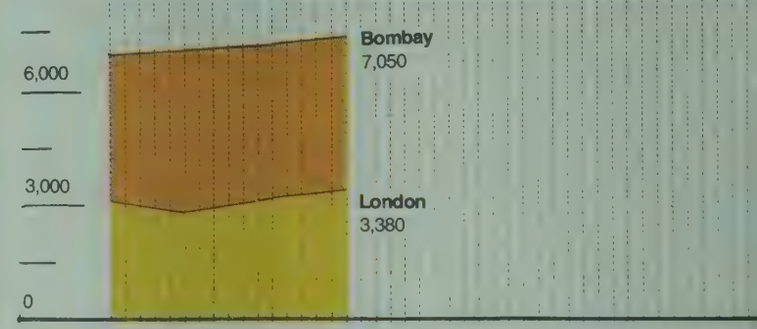
Wholesale Price Index (1981-82 = 100) 1991



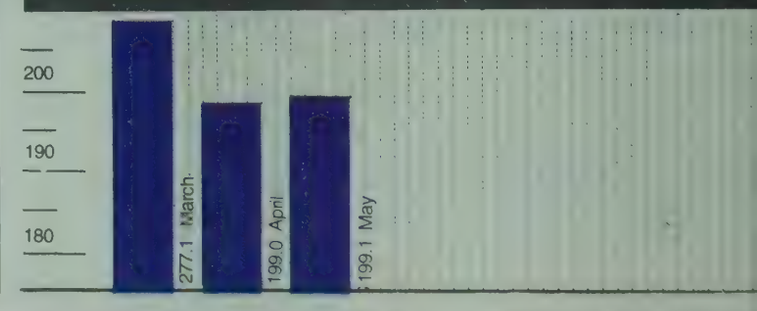
Gold (Rs per 10 gm)



Silver (Rs per kg)

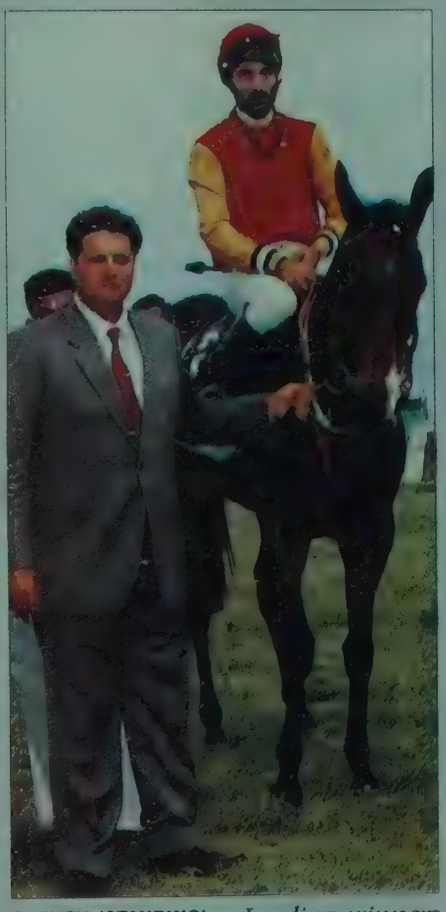


CSO Index of Industrial Production (1980-81=100)



"RACING IS BOOMING"

It's been a gratifying racing season for horse-trainer Bezan Chenoy. On one Saturday, last month, four three-year-olds trained by him emerged winners. But then Chenoy (38), who's been a leading trainer and the person with the largest number of winners a year, some half-a-dozen times since he began training horses in the seventies, has horse racing in his blood. He was brought up on a stud farm where his father Dinkoo Chenoy, as stud manager to the Maharaja of Gwalior, bred horses. After spending a year in the UK where he was assistant trainer in the National Stud, Chenoy returned to India in 1974. Besides training his own horses — he has three and altogether the family owns 10 — Chenoy keeps the fillies of Vijay Mallya, Sunit Khatau, Rashid Umerbhoy, J.P. Goenka and Deepak Khaitan in shape. Chenoy took time off from his hectic schedule (the racing season was on in Pune) to speak to BusinessWorld *on investing in horses.*



CHENOY (STANDING): *Leading winners*

■ On how racing is doing in India and whether it is feasible to invest in horses.

Racing is booming. The sponsorship of races — ever since it was allowed around five to six years ago — has given a fillip to the game. The stake or prize money has gone up appreciably and so has competition. But it is a rich man's game. The glamour and concomitant publicity have attracted many young industrialists. And its popularity with the public too has risen.

■ On his advice to the layman who knows nothing about the game but wants to invest in it.

The ideal way to start would be to buy a two-year-old. A filly (a young female) is best, for not only would she race and earn stakes but could also retire to stud later. But one needs to buy at least two-three horses — there's safety in numbers.

■ On the cost involved.

Well, unraced fillies or colts (young males) cost between Rs 1 lakh and Rs 10 lakh depending on their pedigree. The highest-priced horses in India today cost between Rs 30 lakh and 35 lakh. Then it costs around Rs 50,000 a year to maintain a horse — vet fees, training, feeds, among others. So the minimum amount needed, I'd say, is Rs 10 lakh.

■ On the returns.

There's no such thing as certainty in racing. The element of chance is great. But if scientifically and properly done, then the risks involved become calculated ones. Here there are no immediate returns. Nor can one's money suddenly double overnight — like it does in the stockmarket. However, if my horse's sibling — brother or sister — were to start performing well, then the value of my horse also jumps up.

■ On the kinds of investment and their concomitant return.

Basically there are three kinds — buying an unraced horse; buying a share in a horse (club rules stipulate a maximum of four owners per horse); and buying a horse when it retires to use for breeding.

I'd say investing in the first is the best — and that too a filly. Investing only to race makes no sense in terms of returns as horses retire at five to six years at the most, whereas they can breed till they die (horses live for about 20 years). And while most mares (females above five years) are put to stud, only the best horses (males above five years) are used to improve the breed as each can cover 40 mares.

■ On returns from stake money.

Stake money is put up by the club. But now that sponsorship money is added to it, the purse often goes up to Rs 2-3 lakh and more. Of this, the winning horse gets 60%; the second 20% and so on.

■ On the problem the industry faces.

Well,the biggest is taxation. As far as I know the government collects something like Rs 30-40 crore a year from the game.

■ On the international scene.

They're far ahead of us in terms of quality. It's a big sport in Ireland, the UK, the US, France and Australia. In terms of numbers too they outpace us. India breeds some 800 race horses a year and after eliminating the ones that don't survive or have defects we are left with 600. In the UK the figure would be more like 12,000 and for the US it would be around 62,000.

Besides our climate is not particularly conducive to breeding race horses. That is why the British cleverly located stud farms in places like Pune, Bangalore and Delhi (for their climate) and developed the race courses in business centres like Bombay, Calcutta and Madras.

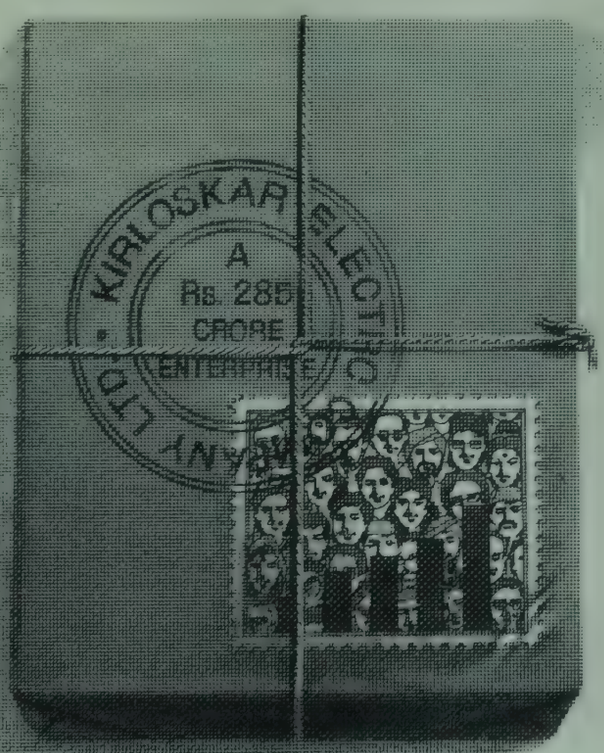
For over four decades, Kirloskar Electric has been posting a report of increasing growth and profitability.

198
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1987-88
1986-87 120·16
CRORES

Today it is a Rs. 285 crore enterprise.

A single unit with one product in 1946. A multi-location, multi-plant, engineering corporation with 4100 employees, a turnover exceeding Rs. 285 crores and a large and varied product range today. Kirloskar Electric has come a long way in 45 years. And this success has been the result of a commitment to do in engineering what has not been done before.

Kirloskar Electric's record of import substitution, its dominance in core segments of the industry, its impressive export performance and the trust and recognition of customers in diverse electrical and electronic engineering markets are all evidence of this.



1989-90 191.62

120.29

1990-91 229.02

In addition to its impressive indigenous strengths Kirloskar Electric has strategic collaboration with world leaders like AEG of Germany, Toyo Denki Seizo, Toshiba and Fuji Electric of Japan, Termomacchine of Italy and Anilam Electronics of USA.

From the smallest farms and houses in India to corporate giants like TISCO, NTPC, Kalyani Steel, Essar and many others. In the core sectors - Railways, Defence and Power - Kirloskar Electric is a name that is recognised and respected today.

And the future is even brighter.

Product ranges in DC Machines and AC Generators are to be increased dramatically. And a thrust into the highly lucrative power generation sector is in an advanced stage.

All of which means an opportunity. The kind that comes by once in 45 years.

Kirloskar

KIRLOSKAR ELECTRIC COMPANY LTD.

Regd.Office: Industrial Suburb, Rajajinagar,

Bangalore 560 010.



Real estate, leather garments, biscuits, wheat products and a light engineering business do not seem to have sated Prem Gupta's appetite for more variety. The managing director of Ashiana Agro Industries (of the Ashiana group, Bihar) is now venturing into another new area — refined oil.

Gupta is setting up a Rs 6.48 crore project to produce 30,000 tonnes of refined vegetable oil per annum at Bhiwadi, Rajasthan; the company has already entered its first phase of commercial production. Gupta sees good prospects for this venture. According to him, production and transportation costs will be lower because "we are (located) in the mustard and rapeseed producing region."

To part-finance this project, his company will be going to the public with a Rs 2.40 crore equity issue in the first week of November. A dividend will be declared during the very first year of operations, promises Gupta.



Entrepreneurs are scrambling over each other to set up export-oriented cotton yarn units, what with the high profits in this area. And Ramesh Jain of Pasupati Spinning & Weaving Mills is no exception.

But Jain has an advantage over the others. His project cost is substantially lower at Rs 18 crore and the equity capital will go up by only Rs 1 crore as compared with Rs 5 crore for other units with the same capacity. "I will be able to reward my investors in a much better way," says he.

Even otherwise, Pasupati Spinning has been making excellent profits from the manufacture of synthetic blended yarn. During 1990-91, the company recorded a net profit of Rs 2.41 crore yielding an earning per share (EPS) of Rs 11.89. "With the cotton yarn unit in production, I will be able to show an EPS of around Rs 20," he says.

To part-finance the project, the company is issuing partly-convertible debentures (PCDs) of Rs 250 each on a rights basis. The convertible portion of Rs 125 will be split up into five shares of Rs 10 each at a premium of Rs 15,six months from the date of allotment. The issue opens for subscription later this month.



Lalit Khaitan gets his high from liquor — making it, that is. And the managing director of Rampur Distillery & Chemical Co, one of the largest distilleries in the country, is not resting on his laurels. He has chalked up plans for expansion and diversification.

Khaitan will be setting up a malt spirit plant to produce 1.5 kilolitres of potable liquor a day at an investment of Rs 7.57 crore. And that's not all. He has other projects lined up, among them a Rs 13 crore soya/rapeseed solvent extraction plant and a Rs 2.6 crore biogas expansion and secondary-treatment plant, both situated at Ratlam (Madhya Pradesh).

To finance these activities, the Rs 70 crore group is coming out with a Rs 16.05 crore rights-cum-public fully-convertible debenture (FCD) issue sometime in November. Each FCD will have a face value of Rs 120 and the rights allotment will be on the basis of one FCD for every six shares held. Each FCD will be converted into four equity shares at a premium of Rs 20 each. And Khaitan is sure this issue will be a success. "We have over 18,000 shareholders who have confidence in us," he says.

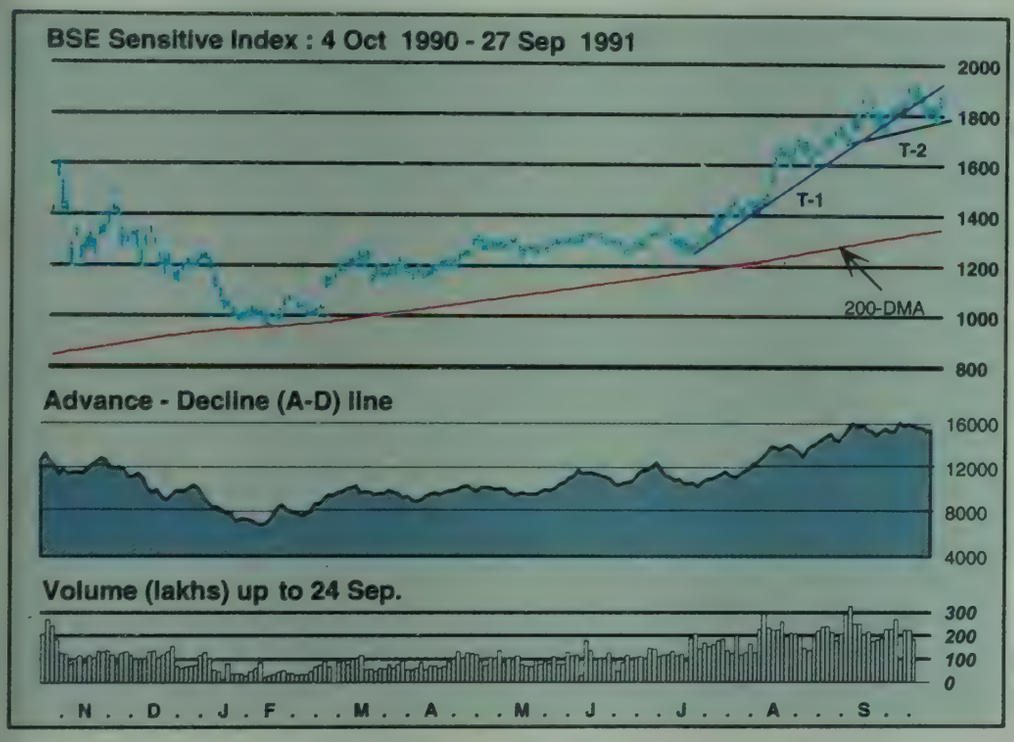
MIXED SIGNALS

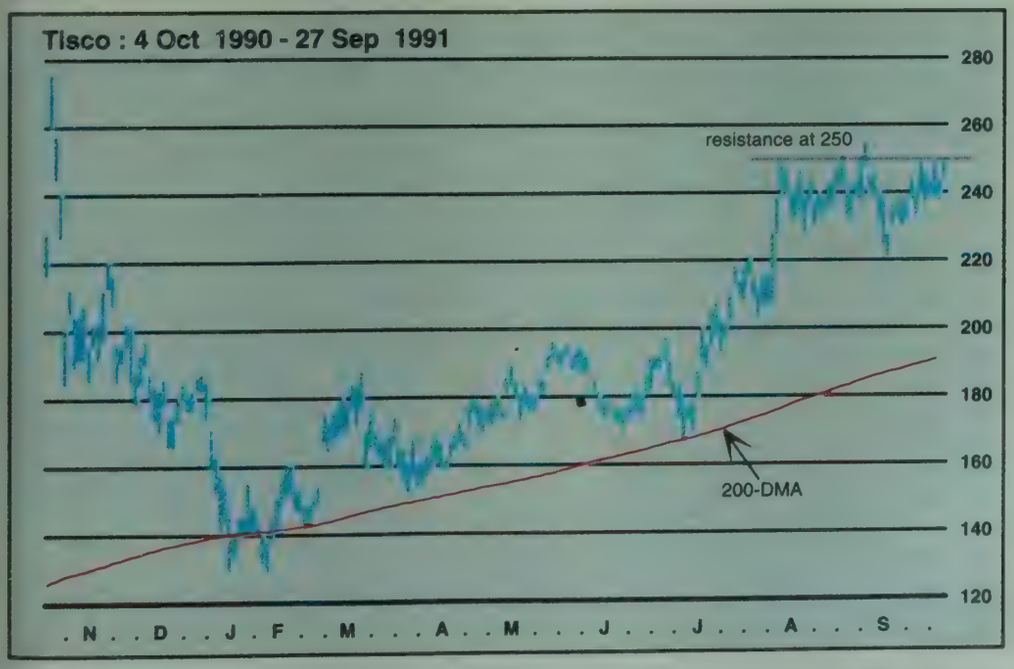
DEEPAK MOHONI



The stockmarket staged a sharp rally, followed by an equally sharp decline during the trading fortnight (16-27 September) under review. In the process, the Bombay stock exchange sensitive index (BSE Sensex) inched up 8.30 points (0.45%) from its 13 September close of 1,861.74 to 1,870.04 on 27 September, while the National Index (NI) was up a mere 1.88 points (0.21%) from 878.76 to 880.64.

The BSE authorities, who spring into action at every new Sensex milestone, imposed new trading restrictions at the start of the fortnight. First, 20 scrips were deemed to be too volatile for the market's own good, and were put on a spot delivery basis, besides restricting the number that could be handled by individual brokers. Next, it was decreed that Reliance had suddenly stabilised, and restrictions for that stock eased. Meanwhile, JK Synthetics and Hindalco sneaked up, and were promptly relegated to the restricted category.





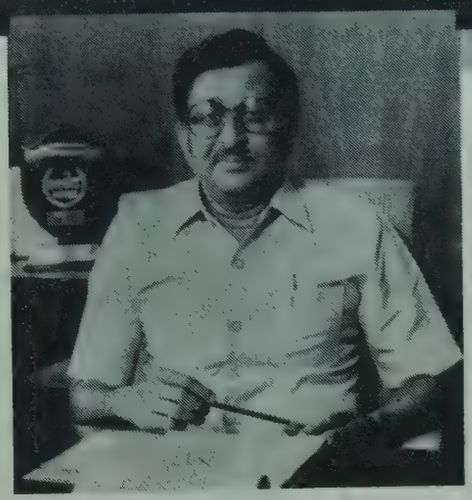
The selection of the 20 scrips on the basis of volatility is illogical. Since 25 July, the Sensex has fluctuated between 1,555.43 and 1,912.35, or 20.1% around the middle of these numbers. Tisco, one of the restricted scrips, moved between Rs 225 and Rs 250 — just 5.2% around its mean. On the other hand, Reliance fluctuated between Rs 137 and Rs 206, a range of 40.2% around its mean. Yet, Tisco was declared to be volatile, and Reliance stable. As it is, restrictions have always destabilised the market, which is supposed to be driven by supply-demand forces and not random regulation.

There is clear evidence that the restrictions actually increased volatility. In the first week of the fortnight, the Sensex lost 28.30 points and the NI 0.18, while during the second, the Sensex gained 36.59 points, while the NI just 2.30 points. It is hardly a coincidence that the Sensex became more volatile than the NI from the exact moment that the new trading restrictions were announced. By confining the volume of activity, stocks are bound to react more violently to smaller shifts in demand and supply. The 30-share Sensex, which contains a greater proportion of the restricted stocks than the 100-share NI, is bound to react more sharply.

Returning to the market action, the Sensex had its best close yet on 23 September, when it ended the day at 1,912.35. Two days later, an early surge caused the index to record an intra-day best of 1,918.21. The NI, too, had its peaks at the same time — at values of 901.48 and 908.99.

There is no clearly identifiable chart pattern yet. The Sensex followed the NI in violating the trendline (shown

GSFC – Continuing Its Onward March



Shri H. R. Patankar

CHAIRMAN'S STATEMENT

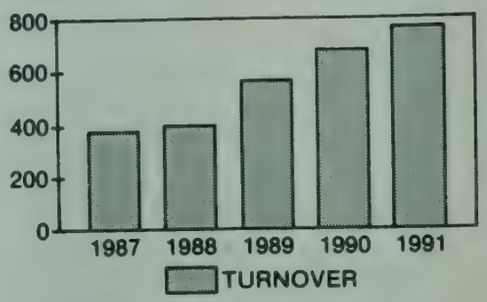
The following is the text of Statement made by Shri H.R. Patankar Chairman, Gujarat State Fertilizers Company Limited at the Twenty-Ninth Annual General Meeting of the Company held on the 26th September 1991 at the Registered Office of the Company.

Ladies & Gentlemen,

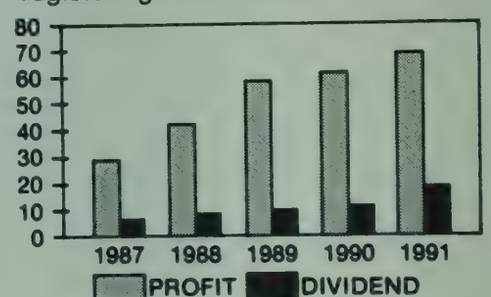
I am happy to welcome you at this 29th Annual General Meeting of your Company. The Annual Accounts and Directors' Report for the year 1990-91 have been with you for sometime and with your permission, I take them as read.

NEW PEAKS IN PRODUCTION AND TURNOVER

Your Company has continued its onward march during the year under review. Peak turnover, good net profit, new record in production and marketing, improved performance of the Polymer Unit and proposal for continuation of the high equity dividend on the enlarged equity capital are some of the bright features of last year's performance. Fertilizer production at the Baroda Complex achieved a record level of 9.32 lacs MT with a capacity utilisation of 133% as against 9.19 lacs MT with a capacity utilisation of 131% of the last year. Various plants



of industrial products also achieved high capacity utilisation ranging from 83% to 151%. As a result, your Company achieved the highest ever record turnover of Rs.739 crores registering an increase of 8.3% over



the sales turnover of Rs.682 crores of the year 1989-90. Your Company's performance would have been still better if the coastal DAP plant at Sikka which totally depends on the availability of imported raw materials had received sustained and regular supply of Phosphoric Acid and Ammonia.

NEW PROJECTS AND RESOURCES

Your Company has five projects on hand. The first is the II phase expansion of 50,000 MTPA Caprolactam Plant. The second is the implementation of 1350 MTPD Ammonia Plant. The third is the 10,000 MTPA Melamine Project; the fourth is the Cogeneration Project of 50 MW; and the fifth is 300,000 MTPA Phosphoric Acid project. These projects would involve an outlay of over Rs. 2000 crores. As a first step of resource mobilisation, your Company has proposed raising of Rs. 225 crores by way of Right Issue of Partly Convertible Debentures. The Partly Convertible Debentures. Issue will naturally benefit the existing shareholders. Details regarding



premium, interest on the no convertible portion and other aspec have not yet been finalised. The will, no doubt, be finalised in the be interest of the shareholders consultation with the Government India, Government of Gujar Financial Institutions and oth concerned parties.

FIBRE UNIT

Last year I had mentioned about t merger of Gujarat Nylons limited w your Company. You will be happy know that the merger has n become effective. The issue of bon shares required CCI consent a your Company has been vigorou pursuing the matter for obtaini such consent from the Governm with a view to avoiding und hardships to the small investors. I hoped that the CCI consent will received shortly and the sh certificates in exchange and bonus shares will be issued to



shareholders of the erstwhile Gujarat Nylons Limited simultaneously so that the hardships to the shareholders could be minimised.

CURRENT PROGRESS

The production of various plants of your Company and the sales of various products have been satisfactory during the current year. The work on the construction of the first phase of Caprolactam expansion has been going on according to schedule and the trial commissioning is expected to be done in the early part of the year 1992. Similarly, work on the third phase of Co-generation of Steam and Power project, new Sulphuric Acid project, Melamine expansion project and Ammonia expansion project has been initiated and is progressing satisfactorily.

JOINT TYRE CORD PROJECT

As you know many Caprolactam producing companies in the world have their own fibre plants. Your Company now occupies a place among these world Caprolactam giants. The Fibre Unit near Surat, however, manufactures only Textile Yarn. In order to branch out into the Nylon Tyre Cord field, your Company has signed a Memorandum of Understanding with a large tyre manufacturing company to install a plant for Nylon Tyre Cord of 12,000 MTPA capacity. Thus for the first time, your Company will enter into a collaboration with a private sector company in the country to jointly manufacture a product - the raw material of which is produced by your Company and the final product of which is consumed by the Tyre Cord Company. Therefore, it is a venture in the mutual interest of the two companies. The venture will consume 25% of the production of the II phase of the Caprolactam expansion.

GSFC — CERA COLLABORATION

Your Company has always kept the interest of the Gujarat State at the centre of its activities. Gujarat has no hydro resources and it has to depend upon coal to be brought from a long distance. The resources of gas are also limited. The major natural resource of Gujarat is lignite. The latest technological development indicates a possibility of conversion of lignite into liquid fuel as well as the establishment of a Refinery for converting lignite into various fuels. Your Company has signed a Memorandum of Understanding with Centre for Environmental and Energy R & D Commercialization Services - Asia and Africa (CERA) for acquiring this technology. This collaboration would be the first step to achieve energy independence for Gujarat State.

GSFC INVESTMENT AND LEASING COMPANY LTD.

Last Year, I spoke to you about GSFC Investment And Leasing Company Ltd. The approval of the Government of India and the Financial Institutions has now been received and this Company will start its operations in the near future. The operations of this Company will give an impetus to development of small and medium sector units based on the GSFC products and other related product lines.

SAFETY & ENVIRONMENT

Your Company has always remained conscious and dedicated to maintain high standards of safety and environment within the complex and in the surrounding area. Your Company has received three safety awards during the year under review.

AWARDS

At the national level, your Company has received the prestigious FAI Runner-up award for achieving the second place in the country's fertilizer industry for the best performance in production of phosphatic fertilizers for the year 1989-90. Similarly, it has also won the 1991 IMM - Singer Marketing Man of the Year award for the best marketing performance.

RESEARCH & DEVELOPMENT

We continue to lay emphasis on the need for continuous Research & Development to strengthen and maintain the current standards in different fields and to make forays into new areas of development. Besides the continuing projects of research, your Company has made considerable progress in research on strain isolation, fermentation and bioassy work on biopesticide project. Possibilities for international joint R & D work on membrane technology and corrosion are being further explored and pursued.

OBITUARY

Shri Ashokbhai Patel, who was a Director of our Company for over a decade died under tragic circumstances on 29-8-1991. May his soul rest in peace.

VOTE OF THANKS

I take this opportunity to express my thanks to the Government of India, Government of Gujarat, Indian Financial Institutions, International Finance Corporation, Washington, Banks and other agencies who have continued to take interest in the progress of your Company and supported its efforts. I am also thankful to my colleagues on the Board for their guidance and contribution. My special thanks are to members of the staff and officers of your Company for their devotion to duty, hard work and well-knit team spirit without which your Company would not have been able to achieve continuous progress. My thanks are to members of the shareholders' and debentureholders' family who have always shown unflinching trust in the working of the Company. I also wish to thank the family of our dealers, customers and suppliers whose co-operation and sincerity have been important inputs in the progress of this Company.

JAI HIND

Note : This does not purport to be a record of proceedings of the Twenty-Ninth Annual General Meeting of the Company.

Gujarat State Fertilizers Company Ltd.
P. O. Fertilizernagar - 391 750, Dist. Vadodara.

as T1 on the chart). It has, however, found support on another, though less sharp, trendline T2. This means that the primary, intermediate and minor trends are still up, though their rate of ascent has come down.

The advance-decline (A-D) line also made a new high with the indices, and has shown no weakness yet. Volumes, too, have tended to favour market advances over declines, which is a bullish indicator. The 23 September peak was not accompanied by a volume high though, but this was almost certainly due to the trading restrictions.

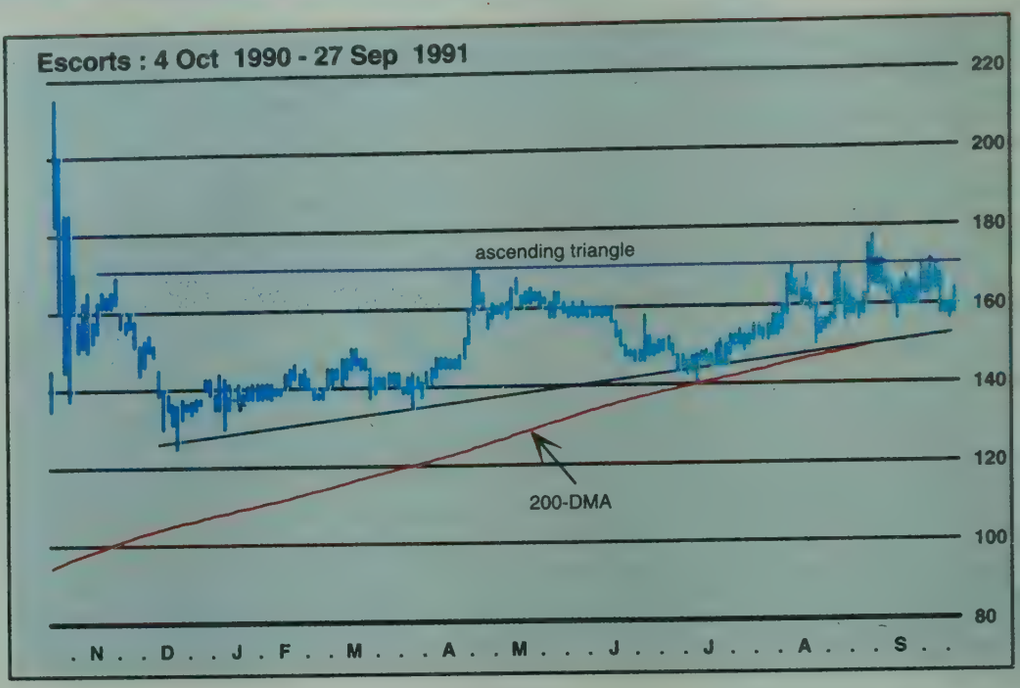
The market was on a decline until 27 September, when the Sensex surged by 83.12 points. The rally was inspired by an average *badla* rate of 30.6% (annualised), which was below the market's expectations. *Badla* rates averaged 47.8% on 7 September. The trading restrictions may have lowered the rates, as operators may have sought funds from outside the market. If this is the case, then the restrictions end up nullifying the most natural means of cooling down an overheated market — high *badla* rates.

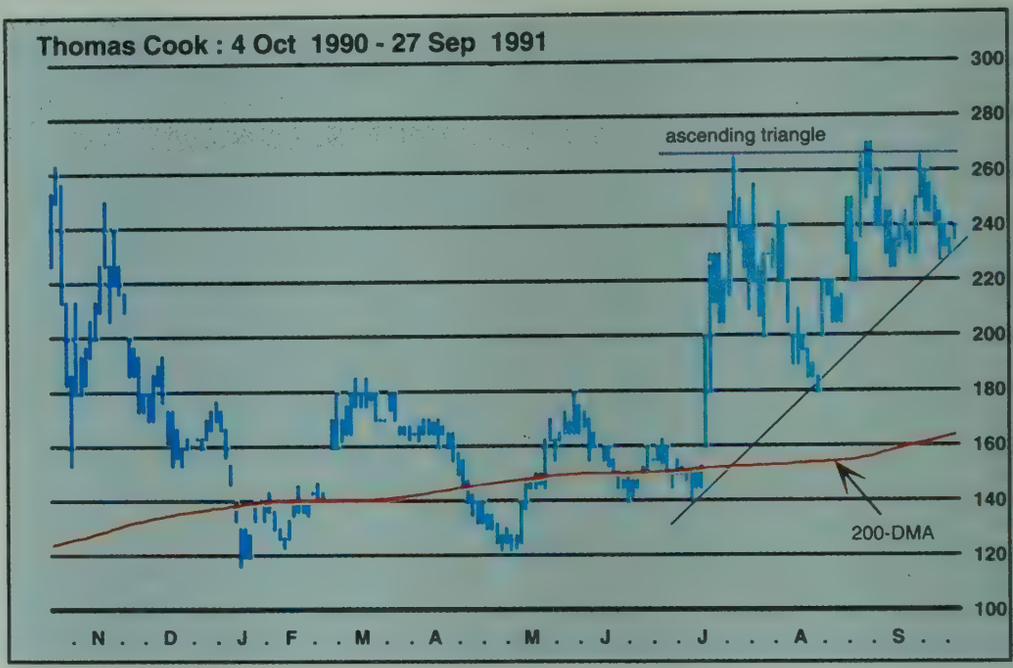
The 200-day moving averages (200-DMAs) for the two indices continued to rise steeply throughout the fortnight. These were at 1,340.82 and 660.53 for the Sensex and the NI respectively.

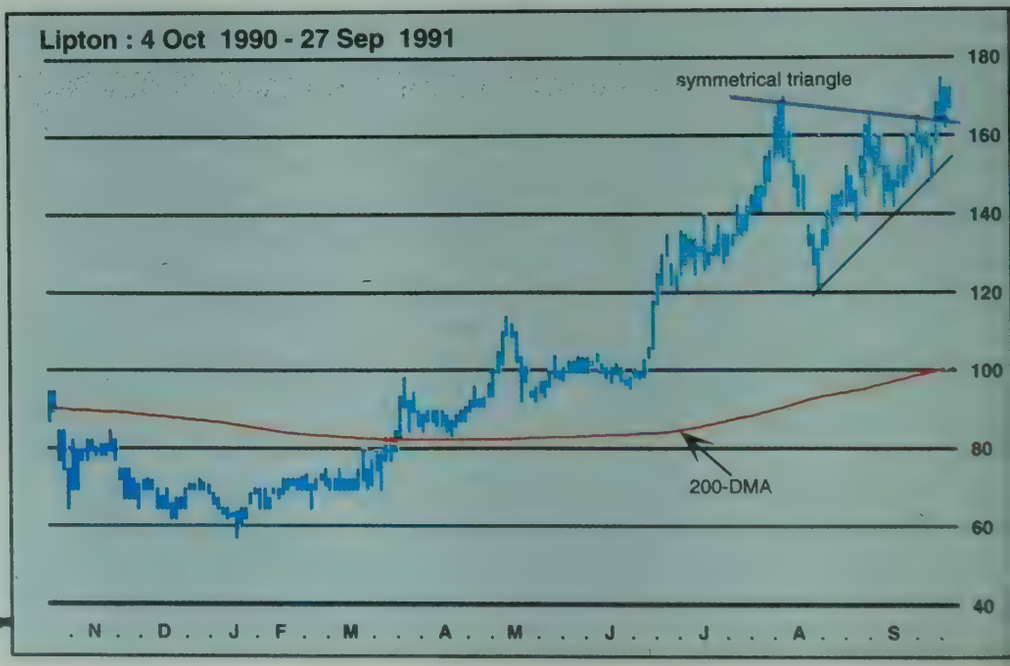
Some of the previous issue recommendations (Finolex Cables and Shree Digvijay Cement) had shot up before the magazine hit the stands. As the moves after breakouts are sometimes very fast, it may be a better idea to monitor scrips before breakouts with attractive targets. Such scrips should be grabbed just after a breakout — or after a pullback to the breakout point.

This issue, we have **Escorts**, with a target of Rs 205, once it closes above Rs 170. Similarly, **Thomas Cook** can make it to Rs 360, once it gets past Rs 270. **Tisco** has formidable resistance at Rs 250, after which it should get to at least Rs 270, its last top. **Lipton** has already broken out of a symmetrical triangle, and executed a pullback. Its target is just under Rs 200. The 200-DMAs for the four stocks are Rs 152.10, Rs 181.31, Rs 190.48 and Rs 102.93 respectively.

• *The author is a director of Midas Vision, which deals in software and computer graphics.*







Last date for the receipt of entries: 9 November 1991

BusinessWorld Investor Contest

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in up to five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld (BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second and Rs 1,000 the third. The names of all the winners will be published in *BW*.

THE RULES

1. The notional amount to be invested is Rs 1 lakh.

2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.

3. Investments in debentures or securities other than equity shares are not permitted.

4. No investment can be made in scrips in which there has been no trading on the reference date for investment (25 October for Contest No 5).

5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).

6. The maximum amount investible in any one scrip is Rs 50,000.

7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 25 October.** Quotations based on prices at stock exchanges other than Bombay will not be permitted.

8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 29 November.** This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the BSE, the investments will be deemed to have been made at the latter prices.

9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.

10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% per annum.

11. Contestants will have the option either to invest the entire amount of Rs 1 lakh (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stock-markets.)

12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No 5, the last date for the receipt of entries is 9 November.** Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters: *BW* INVESTOR CONTEST NO 5 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 25-28, Atlanta, 209, Ceremonial Boulevard, Nariman Point, Bombay 400 021.

13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.

14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.

15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon.

16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar group of publications.

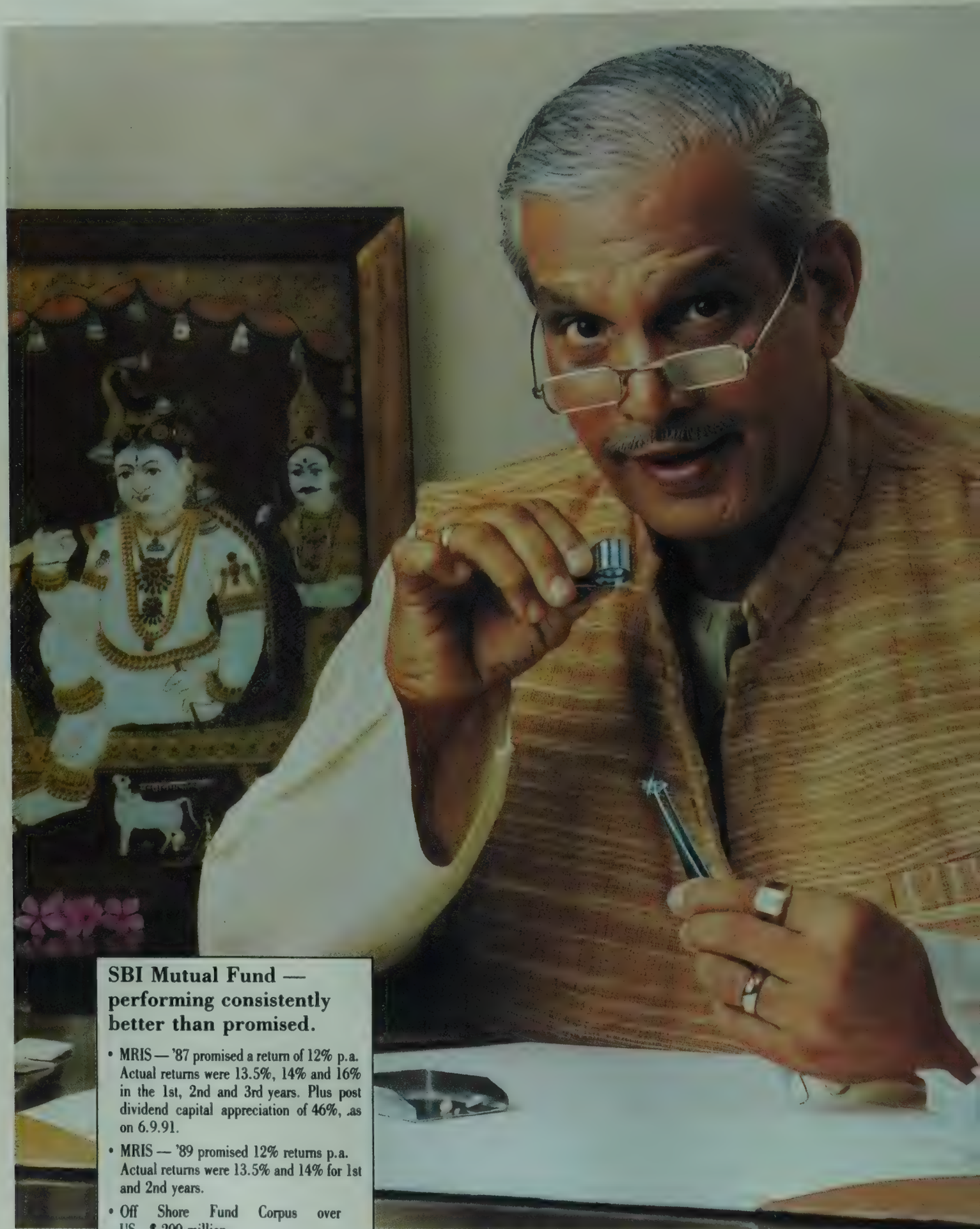
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TWO GOOD BUYS

CLIFTON DESILVA

Gujarat Heavy Chemicals Ltd (**GHCL**), a joint venture between Gujarat Industrial Investment Corp and the Dalmias, was set up under technical collaboration of Akzo of the Netherlands and Klockner Industrie Anilagen of Germany. The 1,200 tonnes per day soda ash plant includes two streams of 600 tonnes each; the first was started in March 1988 and the second in July 1988. The plant's installed capacity is 4.20 lakh tonnes (lt) per annum. The plant is the first in India to be based on the Straight Solvay process, a new technology incorporating improved drylining methods developed by Akzo.

The soda ash industry, in the doldrums for the past few years, has made a turnaround and is poised for accelerated growth in the coming years. Already, soda ash prices are showing a continuous rise and estimates are that, in the coming years, demand will outpace supply.

This optimism is based on several factors. First is the Export Fund Scheme formed by the major manufacturers in November 1990 in an effort to liquidate the excess inventory in the industry. Thus, for the first time, India emerged as an exporter. Besides, the devaluation of the rupee has made Indian soda ash internationally competitive. And the industry has set a bold target of 1 lt for exports in 1991-92.

Second is the increasing growth in local consumption. Estimates are that soda ash demand will burgeon to 14.5 lt for 1991-92 and 15.60 lt by 1992-93. These projections do not include exports. And, subsequent to these estimates compiled in 1988, at least two float glass projects are to be started by international giants Guardian of the US and Asahi of Japan.

Third, no growth in capacity is expected in the immediate future as soda ash is a highly capital-intensive industry — the cost of setting up a plant of GHCL's size is now Rs 600 crore against the Rs 287 crore spent by the company.

GHCL, today, is the second-largest producer of soda ash in the country with a 4.20 lt capacity. Tata Chemicals, with a 6.25 lt capacity, is the largest. Along with VXL (2.60 lt), GHCL and Tata Chemicals account for almost 85% of domestic production.

GHCL has emerged as the largest exporter of soda ash from India. In 1990-91, the company exported 21,902 tonnes of soda ash valued at Rs 6.77 crore to southeast Asia, West Asia and other neighbouring countries. And in the current year the company bagged a big order from Iran despite stiff competition from world-renowned names.

For the year ended 31 March 1991, GHCL managed to turn the corner. On a turnover of Rs 152 crore, it was able to generate a profit of Rs 16 crore. However, after depreciation of Rs 21 crore, there is a net loss of Rs 5 crore.

The shares of GHCL and Lakhanpal National appear attractive for investment

In the current year, the company has begun earning profits at the net level. An additional lime kiln is under construction and production from this kiln will be available in the third quarter of the current year, thus enabling the company to produce soda ash at its full rated capacity.

Pre-empting the acute coal shortage (which could affect production), GHCL has successfully moved to lignite; this is available in abundant quantities in the Kutch region.

Considering the fact that GHCL's operations could improve substantially in the current and subsequent years the share, currently priced at Rs 25, has the potential for about 60% appreciation in the next 12 months.

It was predicted in these columns (see *BW* 19 June-2 July 1991) that the share of **Lakhanpal National** had the potential to appreciate by about 40-50% in a year. The share has already appreciated by 80% in three months to Rs 90 but has the potential to still ascend by another 30% in the next six months. Hence the scrip is once again being recommended at the current price of Rs 90.



Lakhanpal National (an Indo-Japanese venture in which Matsushita Electric Co has a 40% stake) was set up in the seventies when demand was at its peak. Other units, too, came up around the same time. Thus the industry's production capacity leapt to 2,200 million cells. However, demand did not keep pace. This resulted in price wars, underutilisation of installed capacities and a squeeze on margins.

What brought cheer to the industry was the reduction in excise duty from 35% to 30% in the last budget and the drop in zinc prices. And this has been reflected in the performance of Lakhanpal.

Turnover for the year ended March 1991 was up 20% to Rs 80.96 crore (Rs 67.48 crore the previous year). Gross profit climbed 87% to Rs 3.79 crore (Rs 2.03 crore) while net profit skyrocketed 223% to Rs 2.49 crore (Rs 77 lakh). Earning per share (EPS) works out to Rs 5.45 (Rs 1.68) and a 25% dividend was declared.

With dry cells now being increasingly used in electronic gadgets, mines and medical instruments, estimates reveal that demand for these cells will jump 50% (from 1,200 million currently) by the end of the eighth plan.

As there are no new entrants, existing units stand to benefit substantially. Realising this, Lakhanpal has recently set up a Rs 16 crore facility at Pithampur near Indore for the manufacture of Novino Gold UMBD batteries.

• *The author is a Bombay-based investment manager.*

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 26 Sept	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
AbacusComp(10/100/e)	9003	1.4	0.3	0.0	12.1	9.2	0.3	0.45	4.7	0.26	0.26	1.82	15.0	10.0	54	9.50	5.23	–	–	–	35	12	18	9	10.31	0.79
AbanLloyd(10/100/e)	9003	4.0	1.6	0.0	14.0	14.0	0.0	3.72	26.6	1.09	1.09	2.75	19.6	10.0	37	147.50	53.72	–	–	–	58	35	185	36	0.68	10.53
AbbotLabs(10/50/e)	9003	2.3	2.7	0.0	21.8	31.5	0.2	0.36	1.1	0.07	0.07	0.31	1.4	–	NA	62.00	199.3	–	–	40	60	32	70	30	NA	2.84
ACC(100/5/e)	9003	56.0	89.3	0.0	259.5	973.8	17.2	54.41	5.5	17.79	16.85	31.78	12.2	15.00	50	3300.00	103.8	1:5	86	33	2625	229	3900	1300	0.45	12.72
AdvaniOerl(10/100/e)	9003	7.0	9.1	2.5	22.9	107.1	1.3	4.37	4.0	1.21	1.21	1.73	6.5	15.0	87	21.00	12.15	1:1	86	46	33	15	25	16	7.14	0.92
AlembicChem(100/5/e)	9003	4.1	10.0	7.0	343.0	124.0	3.9	4.29	3.4	1.64	1.23	39.81	7.8	16.0	54	550.00	13.82	1:3	66	18	460	250	675	220	2.91	1.60
AlfaLaval(10/50/e)	9103	7.8	34.4	0.0	54.0	104.8	4.0	16.06	14.8	10.28	10.27	13.15	24.4	18.0	14	192.50	14.64	1:2	89	63	247	95	300	150	0.94	3.57
AmalRasayan(10/50/e)	9003	3.2	9.4	2.0	39.4	19.3	0.8	0.93	4.6	0.07	0.07	0.22	0.5	0.0	NA	67.50	307.6	–	–	–	83	38	78	34	NA	1.71
AmritBan(10/100/e)	9103	4.2	15.4	6.0	47.1	303.0	0.8	8.13	2.7	2.38	3.22	5.64	9.2	20.0	26	90.00	15.96	1:1	89	70	83	36	93	45	2.22	1.91
AntifricBear(10/100/e)	9003	3.2	7.9	0.0	34.3	48.1	1.9	6.84	13.7	2.67	2.71	8.08	23.6	25.0	31	125.00	15.47	1:2	81	23	145	60	130	65	2.01	3.64
AP Paper(100/5/e)	9003	5.6	18.6	0.0	429.8	132.3	2.7	17.44	12.9	13.22	12.83	234.81	54.6	25.0	11	1725.00	7.35	1:4	80	20	2100	625	2000	850	1.45	4.01
AppleInds(10/100/d)	9006	6.3	8.2	3.1	22.9	20.9	0.2	8.59	40.7	5.57	6.02	7.03	25.2	25.6	25	43.00	6.12	–	–	–	70	23	48	32	5.43	1.88
ArvindMills(10/50/e)	9003	7.1	38.4	0.0	63.9	179.5	3.4	12.46	6.8	5.25	5.78	7.36	11.5	27.0	33	91.25	12.39	1:3	86	55	120	43	108	52	2.97	1.43
AseaBrownBv(10/50/f)	9012	9.9	35.5	10.1	46.0	219.8	7.3	16.83	7.4	8.74	8.46	8.86	15.8	27.0	31	192.50	21.72	1:3	78	30	165	55	200	85	1.40	4.19
AsianBearings(10/50/e)	9003	7.4	4.0	0.0	15.4	18.6	1.8	1.96	9.6	0.28	-0.13	0.38	2.5	–	NA	17.00	45.11	0.00	–	0	31	14	28	17	NA	1.11
AsianCable(10/50/e)	9003	5.6	14.4	0.8	35.8	78.3	4.4	5.69	6.9	2.75	3.62	4.28	11.5	14.0	24	48.00	11.23	1:3	81	–	53	27	50	30	2.91	1.34
AsianPaints(10/50/e)	9003	12.4	56.5	0.0	55.4	282.9	1.1	27.28	9.6	19.00	19.50	15.23	27.5	45.0	29	250.00	16.42	1:2	87	86	290	208	273	223	1.80	4.51
Assam Co(10/50/e)	9003	14.0	24.2	0.0	27.3	66.4	1.4	24.86	36.7	12.83	12.79	9.16	33.6	55.0	60	150.00	16.37	1:1	89	75	190	110	175	113	3.67	5.50
Astra-IDL(10/50/e)	9003	2.5	3.7	0.0	24.6	21.5	0.2	2.00	9.2	1.06	1.06	4.24	17.2	15.0	36	130.00	30.66	–	–	–	75	38	140	45	1.17	5.28
AtlasCopco(10/50/e)	9003	7.3	7.3	0.0	20.0	46.3	1.6	1.03	2.1	-0.39	-0.53	-0.54	-2.7	–	NA	91.00	NA	1:2	87	82	68	33	108	42	NA	4.55
AtlasCycle(10/50/e)	9003	1.2	8.2	6.7	81.1	108.0	2.9	2.42	2.2	0.83	0.83	6.96	5.0	22.5	33	205.00	29.47	1:2	87	80	180	65	210	105	1.10	2.53
AveryIndia(10/50/e)	9003	4.2	13.5	0.0	42.1	39.6	0.8	7.70	19.1	3.08	3.01	7.33	17.4	35.0	49	174.00	23.73	2:5	84	58	195	109	174	142	2.01	4.13
A.Sarabhai(10/50/e)	9003	18.8	19.9	0.0	20.6	169.0	3.0	1.80	1.0	0.62	1.12	0.33	1.6	–	NA	19.00	57.55	1:5	82	17	26	11	24	11	NA	0.92
BajajAuto(10/50/e)	9103	18.8	297.9	0.0	168.4	1155.0	64.9	161.8	13.3	56.34	55.50	29.95	17.8	100.0	34	380.00	12.69	1:1	87	95	770	355	750	370	2.63	2.26
BajajElect(100/5/e)	9003	1.9	8.9	2.9	564.6	108.1	3.6	5.41	4.8	2.85	2.80	148.44	20.8	25.0	17	1425.00	9.60	1:1	89	50	1600	540	1425	675	1.75	2.52
BajajHind(100/5/e)	9003	5.6	24.2	37.5	531.4	124.6	2.0	7.11	5.6	2.21	2.23	39.46	3.3	18.0	45	170.00	4.31	1:4	86	95	1500	360	185	87	10.61	0.32
BajajTempo(10/50/e)	9003	6.6	36.5	0.0	65.1	219.1	2.2	23.25	10.5	6.87	5.45	10.38	15.9	20.0	24	205.00	19.75	1:1	86	87	325	118	258	109	0.97	3.15
BakeliteHylam(10/50/e)	9003	4.5	10.9	9.1	34.2	81.6	3.0	4.68	5.5	1.34	1.72	2.98	5.5	18.0	47	58.75	19.73	2:3	80	78	54	29	68	40	3.06	1.72
BallarpurInd(10/100/e)	9003	21.0	100.9	180.0	58.1	572.0	17.8	66.46	11.3	39.66	49.63	18.81	13.1	28.0	12	300.00	15.95	1:2	89	74	310	112	320	240	0.93	5.16
BarodaRayon(100/5/e)	9003	18.0	51.6	0.0	386.9	245.5	2.5	39.05	15.8	23.82	23.82	131.83	34.1	25.0	19	840.00	6.37	1:2	82	23	1875	435	950	400	2.97	2.17
BASF(10/50/e)	9103	6.4	18.5	2.5	39.0	102.3	2.0	13.18	12.6	5.60	5.51	8.76	20.4	20.0	23	185.00	21.11	1:2	90	71	240	110	230	100	1.08	4.74
Bata(10/50/e)	8912	10.5	12.7	6.9	22.0	321.3	0.5	9.39	2.9	3.61	3.61	3.44	12.0	15.0	44	100.00	29.09	1:1	87	93	107	64	120	76	1.50	4.54
Bayer(100/5/e)	9003	16.2	17.7	0.0	208.8	148.1	2.2	11.29	7.5	5.32	5.32	32.80	15.7	20.0	61	1420.00	43.29	1:1	87	78	1100	600	1475	600	1.41	6.80
BergerPaints(10/100/e)	9003	4.2	16.3	3.2	48.9	100.5	0.4	2.64	2.6	1.76	1.72	4.20	7.4	20.0	49	42.50	10.12	1:1	88	47	55	35	48	35	4.72	0.87
Best&Crromp(10/50/e)	9003	7.6	16.6	4.8	32.0	176.9	2.3	3.68	2.1	2.06	1.46	2.72	7.1	10.0	52	48.00	17.62	3:5	82	27	78	35	54	26	2.09	1.50
Bhadrachalam(10/50/e)	9003	10.6	24.4	0.0	33.1	123.0	1.0	15.23	12.3	8.11	12.61	7.63	23.0	32.5	27	230.00	30.16	–	–	–	154	80	270	75	1.41	6.94
BharatForge(10/50/e)	9003	14.6	44.3	0.0	40.3	184.7	11.8	21.08	10.7	9.91	8.39	6.77	16.8	22.8	40	240.00	35.46	1:1	88	59	275	85	260	140	0.95	5.96
BharatVijay(100/5/e)	9003	2.8	13.1	6.5	571.5	76.0	1.2	5.62	7.3	2.90	2.40	104.69	13.0	22.0	25	1130.00	10.79	1:6	83	54	1500	475	1150	570	1.95	1.98
BiharAlloys(10/50/e)	9003	8.3	0.9	0.0	11.1	93.5	0.3	0.30	0.3	-1.76	-1.76	-4.46	-40.1	–	NA	17.00	NA	–	–	–	40	19	23	14	NA	1.53
BimetalBear(10/50/e)	9003	3.8	12.1	0.0	41.7	27.4	1.0	7.60	26.7	3.93	4.11	10.26	24.6	21.0	19	191.25	18.64	1:1	89	76	230	80	210	120	1.09	4.59
BindalAgro(10/50/e)	8912	14.9	48.3	0.0	42.5	122.1	5.4	16.41	12.9	13.01	13.01	8.76	20.6	50.00	57	46.00	5.25	–	–	–	85	38	55	36	10.86	1.08
BirlaJute(10/100/e)	9003	20.4	95.3	64.5	56.8	467.8	16.2	26.60	5.5	4.65	4.69	2.28	2.6	18.0	78	375.00	164.3	1:1	86	86	240	52	410	155	0.48	6.60
BlueStar(10/50/e)	9103	3.6	18.6	10.1	62.4	174.5	11.1	6.54	3.5	4.25	4.25	11.94	13.2	32.0	27	73.00	6.11	1:1	90	83	180	70	130	58	4.40	1.17
BombayDyeing(10/50/e)	9003	11.2	88.2	0.0	88.5	387.4	6.6	49.72	12.6	23.62	22.02	21.01	23.8	40.0	20	335.00	15.94	1:1	90	87	445	155	340	150	1.20	3.79
Boots(10/50/e)	9003	8.1	11.1	0.0	23.7	75.8	2.4	9.34	11.9	4.74	4.73	5.85	24.7	30.0	51	200.00	34.18	1:1	87	86	145	90	235	93	1.50	8.46
Britannia(10/100/e)	9003	18.6	27.3	0.0	24.7	314.3	7.0	17.36	5.4	9.76	10.14	5.26	21.3	24.0	44	177.50	33.77	1:2	89	89	170	52	203	110	1.35	7.19
BrookeBond(10/50/e)	9012	44.2	53.5	0.0	22.1	637.2	12.3	58.03	9.4	31.44	32.68	6.99	32.7	40.0	46	137.50	19.03	4:5	89	83	175	92	160	118	2.91	6.21
BST(10/50/b)	8903	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-3.21	-8.2	–	NA	9.50	NA	1:1	74	36	NA	NA	–	–	NA	0.68
CableCorp(10/100/e)	9003	9.0	25.9	0.0	38.8	128.5	3.8	15.71	11.9	9.89	9.79	10.99	28.3	28.0	26	105.00	9.56	1:2	87	71	118	60	110	89	2.67	2.71
Cadburys(10/50/e)	9003	8.4	14.7	0.0	27.5	108.4	1.0	11.65	10.7	5.30	5.55	6.31	23.0	35.0	53	181.25	28.73	1:1	87	80	189	134	200	135	1.93	6.60
Camphor&Allied(10/50/e)	9103	3.3	10.7	0.0	42.3	43.2	0.8	6.61	15.0	3.39	3.39	10.24	24.2	25.0	24	70.00	6.83	1:3	82	41	95	40	83	43	3.58	1.66
Carborundum(10/50/f)	9003	8.3	27.7	4.8	43.4	50.4	1.2	8.30	16.1	4.20	4.20	8.69	17.7	25.6	30	128.00	14.74	2:5	87	–	131	75	144	98	1.17	2.95
Castrol(10/50/f)	9103	9.8	40.3	1.7	50.9	183.9	4.4	34.00	18.1	21.08	21.11	21.40	40.7	4.5	21	450.00	21.02	3:5	90	63	320	161	508	163	1.00	8.85
Ceat(10/50/e)	9006	14.8	85.6	23.6	68.0	499.5	15.9	31.01	6.0	22.44	18.68	15.20	18.1	30.0	24	120.00	7.89	1:2	86	–	160	68	150	70	2.50	1.77
Cemindia Co(10/50/e)	9003	1.3	8.6	0.0	77.1	23.1	0.1	2.22	9.6	0.89	0.73	6.95	9.0	30.0	52	215.00	30.92	3:5	84	38	150	75	265	80	1.38	2.79
ChowguleStShip(10/50/e)	9003	10.0	2.4	0.0	12.4	53.3	0.0	13.75	25.8	2.29	2.29	2.29	18.5	–	NA	112.00	48.91	5:2	77	35	34	14	132	13	NA	9.07
ClassicDiam(10/100/e)	9003	3.5	7.1	0.0	30.2	73.2	0.1	5.50	7.5	5.18	5.26	14.80	49.0	20.0	13	56.00	3.78	–	–	–	84	48	60	38	3.57	1.85
CochinRef(100/5/e)	9003	71.7	136.5	0.0	290.4	1342.6	0.7	94.75	7.1	64.46	68.76	89.91	31.0	21.0	21	1075.00	11.96	–	–	–	996	480	1150	670	1.87	3.70
ColourChem(100/5/e)	9103	7.9	16.9	0.0	312.7	131.9	6.1	9.27	6.7	4.16	4.99	52.34	16.7	22.0	35	1475.00	28.18	2:5	80	84	850	575	1550	625	1.49	4.72
ConsFounda(10/100/e)	9003	0.5	1.2	0.0	33.5	7.1	0.7	0.80	10.2	0.13	0.15	2.50	7.5	14.0	47	15.00	6.00	–	–	10	45	20	25	11	8.97	0.45

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months; m-6 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 26 Sept	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Price to BkV Time
CromptonGr(100/5/e)	9003	19.2	38.8	27.8	302.3	510.4	7.0	27.26	5.3	13.08	13.45	68.13	15.2	18.0	26	1375.00	20.18	1:1	89	84	1800	800	1450	683	1.31	4.5
Cyanamid(10/50/e)	9003	5.3	12.5	0.0	33.8	66.8	2.4	8.27	12.0	4.09	4.06	7.79	23.0	25.0	32	165.00	21.18	9:4	79	73	150	86	178	81	1.51	4.8
DCM(10/100/e)	9003	23.0	37.8	0.0	26.4	774.8	25.5	25.48	3.2	9.85	7.63	4.28	16.2	–	NA	250.00	58.43	4:5	71	61	110	46	300	123	NA	9.4
DCW(10/50/e)	9003	5.9	23.5	5.0	49.8	133.6	2.1	13.27	9.8	6.41	4.51	10.88	18.6	25.0	33	120.00	11.03	1:1	88	67	155	40	122	55	2.08	2.4
DeepakFert(10/50/e)	9003	32.7	37.1	0.0	21.3	36.2	13.7	21.86	43.9	11.95	11.97	3.58	16.8	18.0	31	34.25	9.56	–	–	–	44	26	39	24	3.26	1.6
DeepakNitrite(10/50/e)	9003	2.4	8.4	8.8	44.7	37.5	4.8	5.90	13.9	3.54	3.63	14.57	18.0	30.0	20	110.00	7.55	2:5	85	81	155	80	115	81	2.73	2.4
DharamsiChem(10/50/e)	9003	6.4	14.8	0.0	33.0	120.8	2.4	10.51	8.5	6.22	4.09	9.69	29.3	25.0	39	56.25	5.81	2:5	79	88	100	40	75	40	4.46	1.7
Dunlop(10/100/e)	9003	19.0	67.2	88.8	45.4	572.7	8.4	26.80	4.6	8.15	9.08	4.25	4.6	30.0	63	90.00	21.18	1:3	76	54	90	50	105	33	3.34	1.9
Duphar(10/50/e)	9103	1.8	5.0	0.0	37.0	39.1	0.8	2.58	6.5	1.16	1.16	6.29	17.0	15.0	24	100.00	15.90	1:3	88	74	100	40	130	59	1.50	2.7
EicherMotors(10/100/e)	9003	10.0	0.3	0.0	10.3	113.6	0.6	4.25	3.7	3.21	3.21	3.21	31.3	–	NA	43.75	13.62	–	–	–	56	13	54	34	NA	4.2
EID-Parry(10/50/e)	9103	6.3	22.8	13.1	46.3	223.6	38.3	14.56	5.6	6.46	6.46	10.29	15.3	30.0	29	165.00	16.04	–	–	–	105	72	188	69	1.82	3.5
EleconEngg(10/50/e)	9003	5.7	26.6	0.0	57.1	99.8	1.7	7.54	7.4	0.78	1.03	1.38	2.4	12.0	66	60.00	43.46	3:5	87	61	88	53	60	48	2.01	1.0
ElgiEquip(10/50/e)	9103	1.0	12.5	0.0	134.9	71.5	1.0	5.05	7.0	1.91	1.83	19.06	14.1	22.0	12	350.00	18.36	1:1	86	88	350	200	360	190	0.63	2.5
Enfield(10/100/e)	9103	8.0	0.0	8.5	10.0	81.6	0.5	0.19	0.2	-2.50	-2.50	-3.11	-15.2	–	NA	23.00	NA	1:1	85	31	21	6	–	–	NA	2.3
EnglishElect(10/100/e)	9103	18.0	18.2	0.0	20.1	128.7	1.7	15.20	11.7	7.06	19.03	3.92	19.5	13.5	13	80.00	20.40	1:1	90	88	154	56	133	63	1.69	3.9
Escorts(10/50/e)	9103	33.9	124.9	21.3	46.8	942.6	33.3	65.49	6.7	33.40	33.39	9.85	18.5	35.0	36	158.75	16.11	3:5	86	57	215	78	178	135	2.20	3.3
Eskayef(10/50/e)	9003	7.5	26.6	0.0	45.4	67.2	1.1	12.64	18.5	7.83	7.83	10.44	23.0	30.0	29	235.00	22.51	1:2	88	33	200	116	260	110	1.28	5.1
EssarShipp(10/100/e)	9006	46.4	71.2	0.4	25.3	149.0	0.6	59.07	39.5	36.42	37.08	7.77	30.6	22.0	28	51.00	6.56	–	–	–	49	25	67	20	4.32	2.0
EssenComp(10/50/e)	9003	1.3	8.4	0.0	73.2	23.6	0.8	2.81	11.5	1.80	1.80	13.53	18.5	25.0	18	26.25	1.94	–	–	–	120	48	75	17	9.45	0.3
EterEverest(10/50/e)	9003	2.5	15.4	0.0	72.3	78.2	2.0	6.69	8.3	4.39	3.56	17.77	24.6	20.0	24	140.00	7.88	1:3	66	41	290	95	160	88	2.49	1.9
ExcelInd(10/50/e)	9003	4.6	18.1	0.0	49.1	101.9	4.8	14.79	13.9	9.23	7.38	19.98	40.7	50.0	31	480.00	24.03	4:5	84	84	430	167	560	220	1.04	9.7
FerroAlloys(10/50/e)	9103	8.7	34.8	0.0	49.8	205.2	3.9	-11.72	-5.6	-21.02	-21.02	-24.08	-48.3	0.0	NA	65.00	NA	1:2	80	43	126	45	78	33	NA	1.3
FinolexCables(10/50/e)	9003	3.2	38.5	0.0	128.9	109.8	7.1	13.59	11.6	9.15	9.15	28.24	21.9	50.0	18	275.00	9.74	4:5	88	44	410	195	400	170	1.82	2.1
FinolexPipes(10/100/e)	9003	10.9	6.5	0.0	16.0	74.1	2.0	4.77	6.3	3.17	3.48	2.91	18.2	18.0	39	28.50	9.81	–	–	51	65	24	33	20	4.41	1.7
GE Shipping(10/100/f)	9003	68.1	87.0	0.0	22.8	213.1	16.0	78.27	34.2	39.84	3.91	5.85	25.7	20.0	218	90.00	15.38	2:3	81	36	55	27	112 **	26	1.39	3.9
GeneralElect(10/50/e)	9003	14.4	24.4	0.0	27.0	173.3	2.6	8.96	5.1	5.20	5.20	3.61	13.4	10.0	28	72.00	19.94	1:1	89	77	48	8	77	30	1.39	2.6
GermanRem(10/50/e)	9003	3.3	9.2	0.0	38.3	69.8	4.2	7.27	9.8	4.32	4.47	13.25	34.6	20.0	15	130.00	9.81	3:5	82	80	400	68	155	85	1.53	3.4
Glaxo(10/50/e)	9103	20.0	61.2	0.0	40.6	410.3	12.9	26.27	6.2	10.60	10.60	5.30	13.0	27.0	51	166.25	31.38	1:3	80	54	128	80	185	83	1.62	4.0
GNFC(10/50/e)	9003	89.0	99.9	0.0	21.2	330.4	3.8	55.00	16.5	5.68	5.68	0.64	3.0	10.0	125	38.00	59.54	–	–	–	60	33	49	31	2.11	1.7
GodfreyPhil(10/100/e)	9003	2.6	6.4	0.0	34.8	466.1	2.4	9.61	2.1	3.97	3.97	15.19	43.7	50.0	33	480.00	31.59	1:1	75	34	250	48	510	175	1.04	13.8
GokakPatel(10/50/e)	9003	6.5	26.0	0.0	49.8	101.7	2.8	15.43	14.8	8.93	7.43	13.70	27.5	32.1	28	300.00	21.90	1:1	87	79	270	75	330	150	1.07	6.0
GoodlassNero(10/50/e)	9103	3.2	10.3	7.5	41.9	167.0	0.6	5.67	3.4	2.82	2.82	8.71	13.4	22.5	26	75.00	8.61	5:7	78	57	160	60	88	50	3.00	1.7
GordonWood(10/50/e)	9003	2.5	1.1	3.4	14.6	15.8	3.0	-0.71	-3.8	-0.85	-0.85	-3.41	-12.1	–	NA	25.00	NA	–	–	23	18	7	25	7	NA	1.7
GraphiteIndia(10/50/e)	9003	4.2	11.6	0.0	37.5	55.5	1.6	5.20	9.1	2.85	2.93	6.77	18.0	20.0	29	50.00	7.39	1:2	80	56	56	15	53	32	3.99	1.3
Grasim(10/50/e)	9103	60.5	343.7	49.5	66.8	1229.0	94.4	183.5	13.9	96.00	130.0	15.83	21.1	35.0	16	311.25	19.66	3:4	88	61	278	106	348	168	1.09	4.6
GreavesCotton(100/50/e)	9003	9.9	27.6	0.0	379.9	212.9	3.6	11.13	5.1	5.27	6.54	53.14	14.0	18.0	27	103.75	1.95	1:2	88	86	115	70	109	60	17.30	0.2
GSFC(10/50/e)	9003	44.4	335.7	0.0	85.6	682.5	10.9	88.78	12.8	54.09	40.08	12.17	14.2	30.0	29	236.25	19.41	3:10	87	64	308	155	260	158	1.09	2.7
GTC Ind(10/50/e)	9003	5.0	14.7	43.7	39.3	223.2	21.6	8.13	3.3	5.40	5.40	10.80	8.5	35.0	32	160.00	14.81	1:4	72	66	85	21	195	55	2.19	4.0
Guj Alkalies(10/50/e)	9103	17.9	44.1	0.0	34.6	152.3	1.4	30.33	19.7	15.12	8.62	8.44	24.4	28.0	58	168.75	19.99	1:5	87	18	140	75	178	120	1.66	4.8
Guj Ambuja(10/100/e)	9106	20.0	46.2	0.0	33.1	153.2	8.2	49.05	30.4	39.00	30.61	19.50	58.9	40.0	26	275.00	14.10	–	–	–	136	21	318	94	1.45	8.3
Guj Steel(10/50/e)	9003	4.6	11.1	6.5	34.1	125.2	0.3	4.52	3.6	1.97	1.97	4.28	8.9	15.0	35	27.00	6.30	1:1	82	57	47	22	28	19	5.56	0.7
HCL(10/100/e)	9006	14.9	29.4	0.0	29.8	226.7	3.3	7.93	3.4	5.65	6.14	3.80	12.8	10.0	24	57.50	15.11	–	–	–	70	24	83	30	1.73	1.9
HDFC(100/10/e)	9103	45.0	108.6	0.0	341.4	263.0	0.5	43.32	16.4	29.81	29.81	66.24	19.4	22.0	19	400.00	6.04	–	–	–	480	300	560	250	3.19	1.1
Herdillia(10/50/e)	9103	7.4	35.4	12.9	58.2	107.7	7.3	12.98	11.3	6.31	7.57	8.58	11.3	26.0	25	165.00	19.22	1:2	78	33	140	75	185	78	1.57	2.6
HeroHonda(10/50/e)	9103	16.0	10.4	0.0	16.5	211.9	3.6	21.86	10.1	15.84	8.33	9.91	60.1	20.0	38	145.00	14.63	–	–	–	85	15	163	58	1.38	8.8
Hind Ciba(100/5/e)	9003	17.7	48.2	0.0	371.9	246.3	4.6	31.14	12.4	13.74	13.74	77.58	20.9	32.0	41	1850.00	23.85	1:2	80	74	1900	650	1975	700	1.73	4.9
Hind Motors(10/100/e)	9003	26.4	46.7	31.6	27.7	609.7	7.9	14.97	2.4	2.02	4.67	0.77	1.9	7.5	42	44.00	57.44	1:1	86	58	57	20	47	17	1.71	1.5
HindLever(10/50/e)	9012	93.3	162.1	0.0	27.4	1201.1	6.0	128.0	10.4	65.85	74.03	7.06	23.5	42.0	59	146.00	20.23	1:1	87	91	173	101	195	144	2.88	5.3
HMM (10/50/e)	9003	14.2	28.0	0.0	29.7	141.1	5.0	28.03	19.2	16.98	18.03	11.97	40.3	62.0	49	430.00	35.91	1:1	87	96	403	230	460	305	1.44	14.4
Hoechst(100/5/e)	9003	9.6	40.0	16.1	517.0	256.9	29.5	14.17	4.9	9.05	6.44	94.47	13.8	20.0	30	3900.00	41.28	1:2	82	72	3300	1260	4250	2650	0.51	7.5
HyderabadInd(10/50/e)	9003	5.7	41.3	8.5	82.8	133.8	4.4	14.24	10.3	7.37	7.37	13.00	13.3	30.0	23	175.00	13.46	1:1	88	83	153	77	180	130	1.71	2.1
ICI India(10/50/e)	9003	40.9	38.8	71.8	19.5	507.2	137.7	18.32	2.8	-12.19	-12.19	-2.98	-8.1	–	NA	75.00	NA	1:3	78	21	70	31	80	28	NA	3.8
IndiaCements(10/50/e)	9003	4.9	20.9	22.9	52.6	146.5	2.1	7.45	5.0	2.81	2.47	5.73	5.8	15.0	30	295.00	51.44	2:5	70	29	170	15	350	88	0.51	5.0
IndiaFoils(10/50/e)	9003	4.4	16.2	3.7	47.0	113.3	1.3	5.13	4.5	2.10	2.10	4.79	8.7	23.0	48	100.00	20.86	1:4	82	11	100	65	105	75	2.31	2.1
IndianAlum(10/100/d)	8903	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	5.35	20.5	20.0	37	185.00	34.61	2:5	77	38	260	110	213	150	1.35	7.0
IndianDystuff(100/5/e)	9003	11.3	17.0	14.2	250.1	206.3	10.7	13.46	6.2	4.18	3.25	36.96	9.8	14.0	49	1135.00	30.71	1:4	80	33	850	250	1225	450	1.23	4.5
IndianHotels(10/50/e)	9103	14.8	56.8	0.0	48.4	156.3	2.8	19.69	12.4	9.03	6.03	6.11	12.6	25.0	61	177.50	29.07	1:2	89	66	135	83	189	90	1.41	3.6
IndianOrganic(10/50/e)	9003	18.4	26.4	0.0	24.3	240.4	5.2	22.16	9.0	8.52	8.52	4.63	19.0	15.0	32	66.00	14.25	1:2	85	46	91	35	78	31	2.27	2.7
IndianRayon(10/50/e)	9003	25.4	134.5	58.4	62.9	405.2	8.9	47.55	11.5	19.79	19.86	7.78	9.1	30.0	38	236.50	30.40	1:4	80	3	175	84	269	114	1.27	3.8
IndiaSteamship(10/50/e)	8903	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	11.72	-26.6	–	NA	27.00	2.30	1:1	75	27	19	12	33	9	NA	N

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Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 26 Sept	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
IngersollRand(10/50/e)	9003	15.8	34.3	0.0	31.7	111.3	7.8	21.96	18.4	14.34	15.09	9.09	28.7	25.0	26	365.00	40.17	1:1	89	98	305	190	385	240	0.69	11.51
IOL (10/50/e)	9003	14.6	18.1	13.4	22.4	168.4	1.4	7.85	4.6	0.25	1.80	0.17	0.5	10.0	81	71.00	414.6	1:3	85	81	56	31	80	30	1.41	3.17
ITC(10/100/e)	9103	66.3	111.3	80.8	26.8	2286.0	29.9	132.2	5.7	77.52	72.77	11.69	30.0	54.0	49	325.00	27.81	1:1	89	63	180	50	355	103	1.66	12.14
Jagatjitind(10/100/e)	9003	6.1	23.3	3.8	48.4	151.6	1.5	13.44	8.8	5.97	6.34	9.83	18.0	35.0	34	103.00	10.47	1:1	88	92	120	74	140	80	3.41	2.13
Jaiprakash(10/100/e)	9003	66.1	49.0	9.5	17.4	309.9	17.9	42.50	13.0	17.04	17.11	2.58	13.7	15.0	58	60.00	23.29	–	–	–	37	13	67	18	2.50	3.45
JayshreeTea(10/50/e)	9103	6.2	33.3	22.2	64.2	126.0	27.1	28.26	18.5	12.89	19.30	20.96	20.9	32.5	10	200.00	9.54	1:2	85	92	240	77	240	170	1.62	3.11
Jenson&Nichol(10/50/e)	9003	1.5	6.0	1.9	50.1	76.8	0.4	2.82	3.7	1.84	1.84	12.16	19.4	20.0	16	86.00	7.07	8:7	82	35	148	69	91	73	2.33	1.72
JindalStrips(10/100/e)	9003	6.6	27.0	0.0	50.8	276.0	4.9	19.06	6.8	11.92	9.67	18.06	35.5	40.0	16	360.00	19.93	1:1	89	79	280	100	365	135	0.66	7.08
JK Synth(10/100/e)	8903	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	4.69	6.5	22.0	39	57.50	12.27	1:3	83	53	90	35	63	27	3.24	1.31
Jyoti(10/50/e)	9003	2.7	10.2	8.5	48.2	48.3	0.2	-0.06	-0.1	-0.64	-0.99	-2.39	-3.0	–	NA	30.00	NA	1:2	77	24	40	8	37	18	NA	0.62
KanoriaChem(10/100/e)	9003	4.0	17.1	0.0	52.4	74.6	3.7	6.11	7.8	1.07	1.17	2.65	5.1	15.0	51	71.50	27.00	1:2	89	78	48	13	74	27	2.08	1.36
KEC Inter(10/50/e)	9003	7.3	32.3	4.3	54.0	112.7	3.2	5.31	4.6	2.89	3.31	3.94	6.6	18.0	36	42.50	10.79	1:1	83	24	75	37	54	34	3.85	0.79
KesoramInd(10/100/e)	9003	11.5	54.7	46.4	57.7	217.5	8.1	10.86	4.8	-1.70	3.14	-1.60	-1.6	8.7		190.00	NA	1:2	79	54	135	42	210	65	0.46	3.29
KineticEngg(10/50/e)	9103	2.8	25.1	0.0	99.0	121.0	3.0	13.89	11.2	3.43	3.23	12.14	12.3	25.0	21	167.50	13.80	1:1	89	78	355	134	225	160	1.45	1.69
KineticHonda(10/100/f)	8903	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	1.35	10.5	–	NA	90.50	67.25	–	–	–	98	40	98	54	NA	7.05
KirloskarCum(10/50/e)	9003	26.4	50.0	0.0	29.0	227.3	5.9	25.70	11.0	11.65	9.66	4.41	15.2	20.0	55	167.50	37.96	1:1	86	94	125	65	190	104	1.19	5.78
KirloskarOil(10/50/e)	9003	5.8	17.3	0.0	40.1	140.2	4.1	7.30	5.1	3.41	2.93	5.74	14.3	16.0	33	110.00	19.17	3:7	76	77	70	27	120	34	1.45	2.74
KirloskarPneu(10/50/e)	9003	3.9	11.1	0.0	38.8	75.0	2.8	6.84	8.8	2.79	2.74	7.25	18.7	18.0	25	45.00	6.21	–	–	–	88	37	58	35	3.98	1.16
KothariInd(10/50/f)	9003	7.8	9.9	40.0	22.6	50.5	6.0	7.58	13.4	6.35	5.31	10.80	14.7	24.0	26	76.25	7.06	–	–	–	108	32	88	45	2.28	3.38
KSB Pumps(10/50/e)	9103	8.7	24.2	0.0	37.8	57.1	2.2	13.60	23.0	7.13	7.13	8.20	21.7	25.0	31	270.00	32.95	1:1	89	90	260	160	310	170	0.93	7.14
L & T(10/50/e)	9003	68.1	268.6	80.0	49.5	1091.6	26.8	99.51	8.9	38.73	42.97	5.69	9.3	25.0	37	135.00	23.73	3:5	86	56	173	57	165	90	1.74	2.73
LakhanpalNat(10/50/e)	9003	4.6	8.1	0.0	27.7	67.5	2.0	2.19	3.2	0.93	0.08	2.04	7.4	16.0	800	91.00	44.72	1:1	87	25	40	23	91	27	1.54	3.29
LakshmiMach(100/5/e)	9003	6.1	25.3	0.0	513.9	185.4	0.7	21.07	11.3	8.44	8.44	138.36	26.9	25.0	18	4100.00	29.63	1:2	89	58	4250	690	4200	2715	0.61	7.98
MadrasCement(100/5/e)	9103	3.0	30.5	0.0	1107.1	139.4	0.5	29.12	20.8	18.51	19.41	608.7	55.0	30.0	5	6200.00	10.19	–	–	–	4200	421	6700	3100	0.48	5.60
MaduraCoats(10/50/e)	9003	21.8	56.5	55.6	35.9	337.1	5.4	34.65	10.1	18.47	18.74	8.47	13.8	40.0	47	215.00	25.39	1:2	86	47	325	101	370	183	1.86	5.99
MafatlalDyes(10/50/e)	9003	2.1	7.1	0.0	44.0	50.5	1.3	2.26	4.4	1.14	1.14	5.43	12.4	20.0	37	65.00	11.97	1:4	89	80	63	29	75	30	3.08	1.48
MafatlalFine(100/5/e)	9003	14.9	19.0	0.0	227.6	204.3	20.6	2.00	0.9	-4.79	-4.35	-32.19	-14.1	–	NA	640.00	NA	1:3	80	39	770	205	725	330	NA	2.81
MafatlalInd(100/5/e)	9003	13.5	43.8	0.0	425.7	150.2	12.2	11.15	6.9	3.05	3.05	22.68	5.3	22.0	97	1260.00	55.56	1:5	78	25	1450	360	1425	650	1.75	2.96
MahaScooters(10/50/e)	9003	2.9	36.4	0.0	137.4	109.8	14.1	16.96	13.7	12.36	10.14	43.22	31.5	40.0	11	215.00	4.97	1:1	90	65	570	175	230	170	1.85	1.56
Mah&Mah(10/50/e)	9003	19.3	84.5	29.0	53.9	883.6	38.0	40.15	4.4	15.97	12.60	8.29	12.0	25.0	38	80.00	9.65	2:3	84	72	130	65	115	65	3.13	1.49
Mangchem(10/50/b)	9009	59.7	0.2	0.0	10.0	225.2	0.8	-24.75	-10.9	-39.29	-39.29	-6.58	-65.6	0.0	NA	17.00	NA	–	–	–	39	14	26	11	NA	1.70
McDowells(10/100/e)	9003	7.7	54.0	55.6	80.3	230.2	9.8	14.59	6.1	8.11	8.11	10.55	6.9	25.0	24	87.50	8.30	1:1	86	–	100	64	89	56	2.86	1.09
Mico(100/5/e)	9012	38.1	78.4	0.0	306.1	325.0	7.4	59.90	18.0	14.93	15.89	39.23	12.8	14.0	34	1610.00	41.04	1:1	86	91	1350	690	1700	700	0.87	5.26
ModiInd(10/100/e)	9003	3.3	4.5	10.9	23.5	197.0	7.9	-6.61	-3.2	-10.19	-14.17	-30.91	-54.8	–	NA	20.00	NA	1:5	69	26	33	15	20	10	NA	0.85
ModiRubber(10/50/e)	9003	10.4	56.0	0.0	63.9	473.8	8.5	25.06	5.2	6.08	7.16	5.86	9.2	25.0	36	95.00	16.22	–	–	–	100	44	105	50	2.64	1.49
ModiSteels(10/100/e)	9003	2.4	2.5	0.0	20.5	20.6	0.4	1.52	7.2	1.08	1.08	4.58	22.3	18.0	40	52.50	11.47	1:1	87	14	48	23	60	28	3.47	2.56
ModiXerox(10/50/e)	9103	19.5	9.3	0.0	14.8	136.5	0.7	16.10	11.7	9.56	9.56	4.91	33.2	25.0	51	96.00	19.56	–	–	–	110	60	96	60	2.61	6.49
MRF(10/50/m)	9009	3.9	63.2	0.0	173.8	341.7	1.6	26.35	7.7	9.54	8.36	49.45	28.4	30.0	14	575.00	11.63	1:2	75	46	470	190	700	300	0.52	3.31
Mukand(10/50/e)	9003	14.7	49.5	43.3	43.6	527.4	5.0	32.24	6.1	19.03	13.77	12.91	17.7	30.0	32	175.00	13.55	1:2	88	72	275	127	233	117	1.71	4.02
NationalRayon(100/5/e)	9003	6.0	8.2	63.5	237.1	201.6	2.0	13.10	6.4	10.89	10.89	181.20	14.0	–	NA	1170.00	6.46	1:4	72	23	1700	385	1470	328	NA	4.93
NationalSteel(10/100/e)	9003	10.8	2.9	0.0	12.7	73.7	0.5	2.67	3.6	0.45	0.38	0.42	3.3	–	NA	15.00	36.07	–	–	–	31	9	18	12	NA	1.18
NipponDenro(10/100/f)	9006	19.2	35.5	0.0	28.5	408.1	1.8	24.23	5.9	13.24	13.60	5.90	20.7	22.0	28	33.00	5.59	–	–	–	61	36	40	23	6.09	1.16
Nirlon(10/50/e)	9003	15.8	7.2	16.1	14.6	164.4	2.0	-8.20	-4.9	-20.65	-18.64	-13.10	-52.9	–	NA	25.00	NA	1:2	82	48	43	14	41	17	NA	1.72
NOCIL(100/5/e)	9103	36.0	131.2	0.0	464.5	498.1	17.9	74.45	14.4	35.75	35.76	99.32	21.4	40.0	40	1475.00	14.85	1:2	86	67	1900	900	1900	925	2.71	3.18
OrientalCarbon(10/50/e)	9003	3.2	9.0	5.7	37.8	50.8	0.2	3.59	7.1	1.17	2.50	3.63	6.6	20.0	26	42.00	11.56	1:3	89	25	90	34	68	35	4.73	1.11
OrientPaper(10/100/e)	9003	11.5	83.8	0.0	83.2	237.8	5.5	17.79	7.3	4.71	9.56	4.10	4.9	18.0	22	185.00	45.2	1:1	86	–	180	65	210	125	0.99	2.22
OrissaCement(10/100/e)	9103	5.4	43.7	13.7	90.9	145.1	5.0	23.26	15.5	14.19	14.47	26.28	22.6	25.0	9	270.00	10.28	1:1	87	58	175	25	350	125	0.93	2.97
OTIS(10/50/e)	9103	5.4	23.4	0.0	53.5	69.2	1.6	9.64	13.6	4.34	4.34	8.08	15.1	25.0	31	210.00	25.98	1:1	85	80	265	170	220	170	1.19	3.92
ParkeDavis(10/50/e)	9003	7.5	9.8	0.0	23.0	81.2	0.6	8.46	10.3	5.17	5.19	6.87	29.8	35.0	51	115.00	16.75	3:5	78	31	133	80	130	70	3.05	4.99
PeicoElect(10/100/e)	9103	33.3	38.9	17.2	21.7	564.2	5.1	42.16	7.4	28.73	21.58	8.62	32.1	20.0	31	107.50	12.47	1:5	82	49	85	17	128	53	1.86	4.96
PhillipsCarbon(10/50/e)	9009	5.3	6.9	2.5	23.2	82.9	2.4	2.55	3.0	0.90	0.83	1.71	6.1	14.0	89	60.00	35.07	2:5	84	70	53	33	62	30	2.34	2.59
Polyolefins(100/5/e)	9103	19.3	64.8	0.0	435.9	256.9	9.1	38.20	14.4	16.06	16.07	83.24	19.1	40.0	48	1475.00	17.72	1:2	88	69	1525	850	1650	900	2.71	3.38
PrakashTubes(10/50/e)	9003	3.5	10.7	2.8	40.4	81.6	0.8	6.57	8.0	3.23	1.17	9.20	19.0	24.0	72	40.00	4.35	3:4	81	9	80	33	46	31	5.98	0.99
PremierAuto(10/50/e)	9006	22.8	73.9	50.1	42.5	551.0	10.7	29.41	5.2	15.82	14.27	6.95	10.8	30.0	46	57.00	8.20	1:1	86	38	80	37	65	32	5.03	1.34
Procter&Gamble(10/50/e)	9006	6.7	15.2	0.0	32.8	75.3	1.5	6.40	8.3	4.48	5.60	6.71	20.4	30.0	36	270.00	40.26	4:5	88	82	390	185	300	190	1.11	8.23
PudumjeePulp(10/50/e)	9103	3.1	22.1	0.0	81.9	60.9	2.3	11.45	18.1	4.90	4.90	15.91	19.4	18.0	11	155.00	9.74	1:5	82	55	200	90	155	83	1.16	1.89
PunjabConcast(10/50/f)	8903	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	41.69	40.7	33.3	7	335.00	8.03	–	–	–	350	157	350	160	0.73	3.27
PunjabTractors(10/50/e)	9003	3.2	26.9	0.0	95.3	158.6	2.1	13.81	8.6	7.57	6.41	24.03	25.2	50.0	25	260.00	10.82	2:5	81	29	400	135	290	140	1.93	2.73
Rallis(10/50/e)	9003	9.5	35.6	0.0	47.3	356.0	4.6	5.63	1.6	1.83	1.83	1.92	4.1	10.0	52	120.00	62.49	3:10	77	12	130	67	141	71	0.83	2.54
RanbaxyLabs(10/50/e)	9103	9.1	41.4	0.0	55.4	248.4	11.9	16.68	6.4	12.02	12.38	13.18	23.8	25.0	18	287.50	21.81	1:1	88	26	130	86	290	100	0.87	5.19

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months; m-6 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 26 Sept	P/E Multiple	Last Bonus		Bonus % in Cap	MarketPrice				Yield on Mkt Price (%)	Price to Bk Val
																		Ratio	Year		High 1990 Rs	Low 1990 Rs	High 1991 Rs	Low 1991 Rs		
Rasoi (10/50/e)	9003	1.2	6.6	0.0	64.7	59.3	1.1	1.64	2.7	0.64	0.84	5.33	8.2	20.0	29	70.00	13.13	1:2	85	35	85	48	83	45	2.86	1.1
RathiAlloys(10/50/e)	9003	2.9	19.5	0.0	77.3	112.0	0.5	6.41	5.7	3.59	8.14	12.42	16.1	40.0	14	45.00	3.62	–	–	–	180	53	70	41	8.84	0.5
Raymonds(10/50/e)	9003	22.5	83.6	0.0	47.2	376.6	8.7	41.07	10.7	18.50	18.12	8.08	17.1	20.0	25	176.00	21.78	1:1	87	78	175	70	203	118	1.14	3.1
Reckitt&Col(10/50/e)	8912	8.4	18.1	0.2	31.6	85.2	2.4	14.09	16.1	7.93	7.96	9.45	29.7	40.0	42	242.50	25.66	1:1	88	70	280	198	340	205	1.65	7.1
RelianceInd(10/50/e)	9003	152.1	929.1	0.0	71.1	1840.7	16.9	252.5	13.6	90.50	93.40	5.89	8.3	30.0	49	166.00	28.17	3:5	83	10	245	50	205	91	1.81	2.3
ReliancePetro(10/100/e)	8903	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	0.58	5.8	15.0	90	23.50	40.48	–	–	–	57	21	49	25	2.23	2.3
Revathi CP(10/50/f)	9003	1.6	3.9	0.4	33.9	17.2	0.1	1.64	9.5	0.93	0.95	7.62	20.9	26.5	34	105.00	13.78	1:1	87	50	100	67	120	75	1.89	3.1
RhonePoulenc(10/50/e)	9003	4.5	11.3	0.0	35.2	74.2	2.5	6.19	8.1	4.43	4.43	9.84	28.0	15.0	15	160.00	16.25	–	–	–	125	69	173	83	0.94	4.5
SandvikAsia(100/5/e)	9012	5.8	14.0	0.0	341.4	61.1	1.1	11.74	18.8	5.04	5.53	87.12	25.5	30.0	31	2675.00	30.70	1:1	84	80	1500	610	2850	725	1.12	7.8
Searle (10/50/e)	9103	5.2	20.8	0.0	49.8	64.2	2.5	6.49	9.7	4.12	4.12	7.89	15.8	22.0	28	185.00	23.46	1:2	89	87	170	105	195	100	1.19	3.7
SesaGoa(10/50/e)	9003	5.2	12.7	0.0	34.7	74.7	3.2	7.58	9.7	3.38	3.42	6.56	18.9	18.0	27	650.00	99.04	2:5	86	42	220	89	675	125	0.28	18.7
SeshaPaper(10/100/e)	9003	7.3	0.0	0.0	10.0	58.6	1.4	1.54	2.6	-1.53	-1.53	-2.11	-21.1	–	NA	75.00	NA	1:2	76	24	35	10	78	14	NA	7.5
ShalimarPaint(10/100/e)	9003	1.9	2.1	0.0	21.2	67.2	0.4	1.01	1.5	0.72	0.72	3.81	18.0	10.0	26	70.00	18.38	3:10	82	67	60	38	95	50	1.44	3.3
ShawWallace(10/100/e)	9003	12.0	37.0	20.5	40.8	333.6	34.9	24.87	6.7	13.88	13.93	11.57	20.0	42.5	37	160.00	13.83	1:1	87	94	110	67	170	80	2.66	3.9
ShreeSynth(10/50/e)	9003	5.6	22.0	0.0	49.1	160.1	1.8	17.25	10.7	9.12	7.68	16.23	33.0	40.0	29	57.50	3.54	2:5	84	29	155	42	85	45	6.96	1.2
SI Shipping(100/5/e)	9009	6.0	36.2	0.0	702.6	74.6	2.8	28.47	36.8	18.01	18.01	300.21	42.7	40.0	13	2300.00	7.66	1:2	82	83	1750	875	2600	750	1.74	3.3
SI Viscose(100/5/e)	9003	11.0	38.5	0.0	449.0	132.7	2.1	33.85	25.1	23.59	23.59	213.87	47.6	45.0	21	2000.00	9.35	1:2	87	56	3000	1110	2040	1150	2.25	4.5
SiptaCoated(10/100/e)	9003	18.0	7.5	0.0	14.1	127.6	2.7	5.07	3.9	2.43	2.53	1.35	9.6	15.0	66	19.00	14.06	–	–	–	34	13	21	11	4.86	1.3
SiyaramSilk(10/100/e)	9003	3.7	9.8	0.0	36.6	71.6	2.1	5.10	6.9	2.16	1.94	5.90	16.1	21.0	40	56.25	9.53	1:2	88	42	98	24	78	36	3.74	1.5
SKF Bearings(100/5/e)	9103	24.7	69.3	0.0	380.6	197.0	4.7	38.40	19.0	17.66	13.33	71.47	18.8	15.0	28	2675.00	37.43	1:1	89	80	2775	1230	3000	1725	0.56	7.0
SpecialSteel(10/50/e)	9003	11.4	29.5	0.0	35.9	210.7	1.8	27.17	12.8	14.91	14.91	13.06	36.3	25.0	19	235.00	18.00	1:2	89	45	275	90	235	125	1.06	6.5
SpicElect(10/50/e)	9003	8.2	0.0	0.0	10.0	5.3	0.5	0.29	5.0	-0.53	-0.53	-0.65	-6.5	–	NA	16.75	NA	1:1	86	–	33	12	19	11	NA	1.7
StandardInd(10/50/e)	9003	11.1	37.5	30.6	43.9	223.1	18.0	13.84	5.7	1.79	1.86	1.62	2.3	20.0	119	128.75	79.55	2:5	82	72	128	53	153	51	1.55	2.9
StrawProducts(10/100/e)	9003	10.1	41.2	0.0	50.6	172.8	3.2	18.55	10.5	7.94	7.94	7.76	15.3	30.0	40	195.00	25.12	1:2	72	17	155	73	225	113	1.57	3.9
SundramFast(10/50/e)	9003	5.1	15.7	0.0	40.8	92.5	0.8	8.86	9.5	4.90	5.14	9.61	23.6	27.5	27	135.00	14.05	3:5	88	56	120	61	153	97	2.03	3.3
SupremeInd(10/50/e)	9006	2.3	29.7	0.0	140.2	115.4	0.8	8.98	7.7	5.24	5.27	22.98	16.4	60.0	26	340.00	14.79	1:1	87	70	500	225	380	190	1.77	2.4
SurajDiamond(10/100/e)	9003	10.5	30.9	0.0	39.5	135.3	0.2	11.21	8.3	10.85	10.85	10.35	26.2	25.0	13	47.00	4.54	–	–	–	65	43	58	34	2.92	1.2
SwadeshiPoly(10/50/e)	9003	3.9	19.1	16.9	58.9	66.6	2.6	4.58	6.6	1.83	1.83	4.69	4.6	17.5	37	45.00	9.59	–	–	–	95	38	48	32	3.87	0.8
SylvaniaLaxman(10/50/e)	9003	3.0	2.1	7.3	17.2	39.0	0.6	1.26	3.2	0.43	0.43	1.44	3.5	12.5	86	42.50	29.45	1:2	86	33	45	20	45	23	2.92	2.6
Synth&Chem(10/50/e)	9103	11.2	21.1	21.7	28.8	174.9	1.5	9.37	5.3	6.30	6.30	5.63	11.7	25.0	43	63.00	11.19	–	–	–	84	39	74	39	3.80	2.2
TataChem(10/50/e)	9003	49.2	259.3	0.0	62.7	266.2	42.9	77.30	25.0	40.74	36.12	8.29	13.2	30.0	41	88.00	10.62	2:5	85	27	165	63	113	60	3.41	1.4
TataPower(100/5/e)	9103	20.5	209.6	0.0	1121.6	472.3	4.2	48.93	10.3	34.64	34.63	168.81	15.1	20.0	12	1920.00	11.37	1:5	75	–	1950	410	2400	925	1.04	1.7
TataPress(10/50/e)	9003	1.6	5.6	0.0	45.9	19.8	0.8	0.62	3.0	-0.56	-0.56	-3.57	-7.8	10.0	-29	50.00	NA	7:11	83	30	75	43	55	35	2.04	1.1
TataRobins(10/50/e)	9003	3.1	5.1	0.0	26.3	36.3	1.2	2.50	6.7	0.72	0.52	2.31	8.8	16.0	96	61.25	26.54	1:4	77	5	85	36	75	35	2.62	2.3
TataTea(10/50/e)	9103	19.1	143.7	0.0	85.3	290.2	16.9	92.07	30.0	51.66	51.62	27.08	31.7	101.0	35	405.00	14.96	2:5	88	40	490	173	458	275	2.32	4.7
TataTelecom(10/100/e)	9003	4.5	5.8	0.0	23.0	24.8	0.3	2.77	11.0	1.62	1.46	3.60	15.7	–	NA	105.00	29.17	–	–	–	115	45	124	59	NA	4.6
TataUnisys(10/50/e)	9103	4.4	14.4	0.0	42.9	52.7	2.2	12.03	21.9	6.75	6.75	15.41	35.9	30.0	19	260.00	16.87	2:5	87	29	235	24	330	130	1.15	6.1
TCI(10/50/e)	9103	5.1	15.7	13.3	40.8	164.6	1.9	6.46	3.9	1.43	1.19	2.82	4.2	18.0	77	50.00	17.71	1:2	86	81	68	24	68	23	3.62	1.2
Telco(10/50/e)	9103	103.7	479.2	0.0	56.2	2527.6	68.4	288.8	11.1	142.1	131.0	13.70	24.4	40.0	32	307.50	22.45	2:5	82	0	273	110	344	144	1.30	5.5
Tinplate(10/50/e)	9003	10.1	12.2	0.0	22.0	168.0	1.9	5.55	3.3	2.57	2.61	2.54	11.5	15.0	58	50.00	19.69	4:5	76	19	53	25	58	28	3.00	2.3
Tisco(10/50/e)	9103	229.9	1194	0.0	61.9	2142.5	188.3	375.2	16.1	160.1	140.1	6.97	11.2	31.0	51	238.00	34.17	2:5	87	30	275	103	245	134	1.30	3.8
TOMCO(10/5/e)	9103	9.7	26.2	0.0	36.9	383.8	3.5	9.72	2.5	5.65	5.64	5.67	15.4	20.0	35	80.00	14.11	1:5	90	36	390	65	98	60	2.50	2.2
TribeniTiss(10/50/e)	9103	8.0	13.6	0.0	27.1	83.4	0.4	10.53	12.6	6.81	7.63	8.57	31.6	45.0	47	275.00	32.10	1:4	84	31	155	74	275	91	1.64	10.1
TVS Suzuki(10/100/e)	9003	23.1	0.0	0.0	10.0	142.2	1.6	-0.75	-0.5	-5.53	-5.20	-2.39	-23.9	–	NA	33.00	NA	–	–	–	29	9	37	11	NA	3.3
Tw.CenturyFin(10/100/e)	9003	8.9	13.4	3.0	25.1	31.3	1.9	19.44	58.5	4.04	4.03	4.55	16.0	22.0	48	30.00	6.59	2:5	85	34	55	22	39	26	7.32	1.2
UnichemLab(10/50/e)	9103	1.4	5.9	3.5	53.8	66.8	2.7	2.85	4.1	1.85	1.84	13.68	17.2	25.0	18	150.00	10.97	1:2	86	67	60	30	175	45	1.67	2.2
UnionCarbide(10/50/e)	9103	32.6	38.2	0.0	21.7	229.7	2.7	16.18	7.0	13.19	13.98	4.05	18.6	15.0	35	62.00	15.31	1:2	80	74	47	22	64	36	2.42	2.9
Unitech(10/100/e)	9003	7.2	16.5	0.0	32.9	51.1	0.3	6.34	12.3	4.48	4.97	6.21	18.9	22.0	32	41.00	6.60	–	–	57	43	25	41	25	5.38	1.3
UnivCables(10/50/e)	9003	5.3	45.7	15.2	95.6	130.7	3.0	10.27	7.7	5.59	5.59	10.47	8.4	18.6	18	95.00	9.08	1:2	79	22	140	80	110	70	1.95	0.9
Videocon Int(10/100/e)	9003	4.2	33.4	0.0	89.2	417.6	0.2	40.45	9.7	27.16	26.91	64.36	72.1	60.0	6	310.00	4.82	–	–	–	600	180	340	134	1.33	3.5
VikrantTyres(10/50/e)	9003	10.4	4.6	0.0	14.4	218.1	1.2	11.01	5.0	2.00	3.00	1.82	12.6	15.0	54	65.00	35.77	–	–	–	58	20	70	21	2.31	4.5
VindhyaTele(10/100/e)	9103	3.9	11.8	9.5	40.2	57.7	0.4	6.50	11.2	1.11	1.29	2.84	4.4	24.0	73	95.00	33.51	–	–	–	140	64	102	58	2.53	2.3
VIP Ind(10/100/e)	9103	6.0	7.8	0.0	23.0	110.1	2.4	10.16	9.0	7.45	3.44	12.42	54.0	25.0	44	78.00	6.28	1:1	84	59	83	17	82	40	3.21	3.4
Voltas(10/50/e)	9103	19.9	55.1	0.0	37.7	545.0	4.6	30.16	5.5	18.30	15.74	9.22	24.4	27.0	34	127.50	13.83	1:2	89	49	145	65	145	95	2.12	3.4
VST Ind(10/50/e)	9003	9.7	13.2	16.4	23.7	374.6	2.3	13.72	3.6	5.93	5.93	6.15	15.1	30.0	49	160.00	26.04	3:5	89	85	145	33	160	95	1.88	6.8
WestCoastPaper(100/5/e)	9003	4.1	8.3	0.0	302.2	105.4	1.4	6.16	5.8	4.39	4.39	107.07	35.4	15.0	14	455.00	4.25	1:5	74	37	925	290	890	415	3.32	1.5
WI Enterprises(10/50/e)	9003	4.8	9.0	1.5	28.6	46.2	0.0	3.04	6.6	1.01	0.96	2.10	6.6	16.0	80	13.00	6.19	3:5	83	19	38	18	22	13	12.31	0.5
Wimco(10/50/e)	9003	13.6	5.5	0.0	14.1	121.3	4.4	-6.45	-5.1	-8.55	-4.00	-6.30	-44.8	–	NA	43.50	NA	1:5	70	31	75	17	46	17	NA	3.1
Wipro(10/50/e)	9003	3.7	20.3	0.0	65.1	179.1	7.9	9.23	4.9	4.56	2.82	12.36	19.0	25.0	33	330.00	26.70	1:1	89	95	355	190	330	210	0.76	5.1
ZuariAgro(10/50/e)	9003	12.4	58.4	0.0	56.9	258.7	5.5	19.82	7.5	8.22	11.93	6.13	10.8	30.0	33	90.00	14.68	–	–	–	100	50	95	60	3.33	1.6

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; j-17 months; k-13 months; l-7 months; m-6 months..

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

GUNG-HO ON GRANITE

The canny investor makes his biggest packet on companies and industries that are yet to seize public fancy. Soya is a good example; only a couple of years ago, soya stocks stagnated at around par value and below. Today, with an increasing number of farmers switching over to soya cultivation, the industry's capacity utilisation rising and export orders ballooning, soya companies' shares are in great demand.

Granite by that yardstick is the industry to monitor. On the sobering side is the fact that only 20% of the quarries mined yield granite of accepted quality and generally 90-95% of the mined rock is treated as waste. Besides, of the nearly 300 internationally-accepted granite varieties, India has a mere 60, of which only about 20 are popular. The industry is capital- and power-intensive, the major market, the US, is in the grip of a recession and prices in the UK have fallen to levels prevailing four years ago.

Till date, no granite company listed on the stockmarket has reported eyepopping results; hence, the investor indifference. Consider Grapco Granite Ltd (GGL), the largest listed granite company, for instance. It intended to start commercial production by August 1990 but the inauguration ribbon was cut only towards December. In addition, the managing director's projection of a net profit of around Rs 80 lakh did not materialise.

But GGL's abridged working results for 1990-91 indicate that for the aggressive granite-extracting companies, there is moolah in store. GGL registered exports of Rs 1.31 crore in three-and-a-half months' working, managing a cash flow of Rs 22 lakh. Says GGL managing director R.P. Jhunjhunwala: "We have a sellers' market despite a recession in our biggest consuming area, the US. Internationally, there has been a demand shift in favour of granite because it involves little maintenance. To add to that, devaluation has come as a boost. The exim scrip premium is also expected to put a lot of glamour into our bottomline."

The grapevine has it that GGL faced marketing problems in its initial months when international buyers preferred jade black granite ('Indian Ruby') which was not available in the company's Balasore quarry. As a result, the much-in-demand variety had to be purchased from other quarries in south India, polished and exported. This problem is expected to be solved once GGL's new Bangalore plant starts humming by mid-1992. Jhunjhunwala, however, is bullish. Says he: "In this short period, we have reached a stage where we are receiving cheques in advance for our production. Our product base is granite tiles of a quality which is not available with anyone else in this country. Hence, the demand."

The Bangalore plant, to be financed via a rights issue in December 1991, is expected to double the company's capacity. Not only that. With the addition of balancing equipment, Jhunjhunwala also intends to double the Balasore plant's capacity. As a result, GGL's installed capacity of granite tiles, which chip in more than 75% to turnover, is expected to jump from 67,000 sq metres today to nearly 2 lakh sq metres per annum in a couple of years.

Not content, GGL intends to set up a fully-owned subsidiary named Grapco Budiam. Explains Jhunjhunwala: "Some 35% of the value of our sales constitutes import of cutting tools. Since these cutting edges are not manufactured here, we are contemplating setting up an import-substitution unit, 25% of whose production will be consumed by GGL itself. Another 25% will go to the technical collaborator, while the rest will be sold in the open market to Indian importers."



JHUNJHUNWALA: *Solid hopes*

GGL has already registered exports of Rs 3 crore in the first quarter of the current year. The company's 1990-91 annual report reveals that orders worth Rs 15 crore are to be executed during the current financial year. And Jhunjhunwala feels that exports could jump to between Rs 40 crore and Rs 45 crore in 1992-93, when the balance-sheet starts reflecting the impact of the capacity expansions.

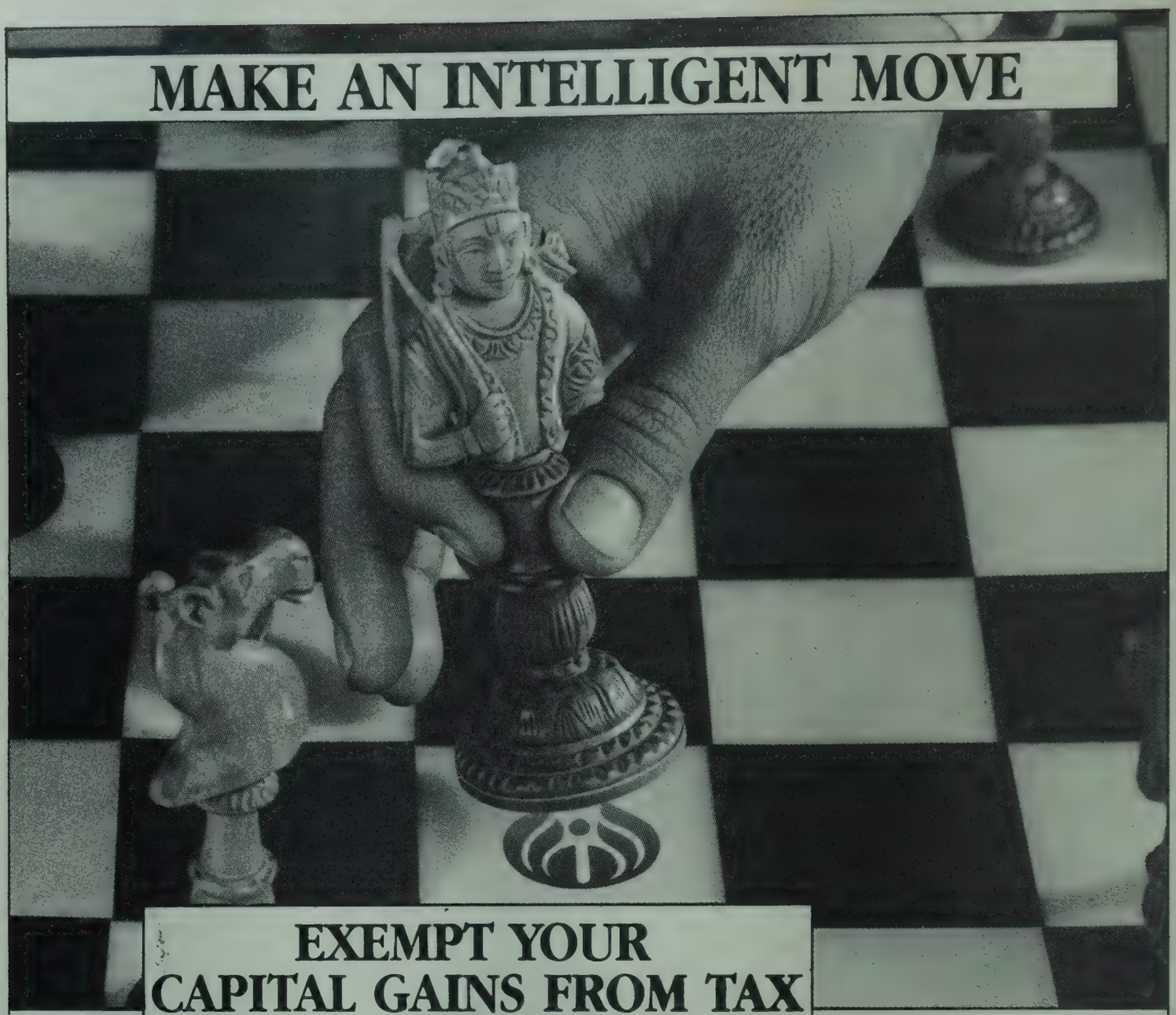
Let's evaluate the effect Jhunjhunwala's expectations can have on GGL's bottomline. An assumed sales figure of Rs 14 crore for 1991-92 at an operating profit margin of 35% leaves us a net profit of around Rs 4.50 crore (which includes the proceeds from the sales of the exim scrip at a premium of 40%). The earning per share (EPS): Rs 12.50. The projections for 1992-93 are even more stunning; assuming that the equity capital doubles after the rights issue, the EPS on sales of Rs 40 crore and on static profit margins works out to Rs 20.

Now let's examine the pros and cons for GGL. On the negative side, there's the US recession. Then there's the fact that the quality of the raw material — granite — is quarry-related. If the company has problems extracting the right quality, then prospects dim. Besides, some granite companies are moving out of the business. Gem Granites, the largest private sector extractor of granite in the country, is freezing its investments in granite and diversifying.

But there are the positives too. For instance, if you hit the right quarry and export to the right party at the right price, profit margins can be stunning. So, if the managing director's hopes hold out, GGL could emerge as one of the fastest-moving small-capital stocks on the secondary market.

□ Mudar Patherya

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MAGNUM'S NEW AVATARS

M. D. MUKHI



The number of schemes that boast of doubling one's money faster than one can say Jack Robinson is increasing in leaps and bounds. SBI Mutual Fund has come out with two that bear the fast-forward stamp of the nineties.

The first, Triple Plus, is a 90-month, close-ended cumulative growth scheme which promises to return thrice the amount initially invested with possible additional capital gains at the end of the period. Triple Plus Magnums have a Rs 100 face value each.

Magnum Express, a five-year close-ended scheme (which may be extended to six years), aims at rapid and substantial capital appreciation of the invested amount. Magnums issued under this scheme will have a face value of Rs 10 each.

The minimum application amount under both the schemes is Rs 1,000 and in multiples thereof. There is no upper limit. Applicants investing more than Rs 1 lakh can opt to indicate the number of certificates required.

Those eligible for both the schemes are: adult individuals; minors, through their parents/guardians; Hindu undivided families (HUFs); companies/bodies corporate registered in India; trusts and societies registered under the applicable laws and authorised to invest in Magnums; and partnership firms. While foreign nationals are not eligible to invest, investments by non-resident Indians (NRIs) and persons of Indian origin can be made on a non-repatriable basis.

Both the schemes close on 31 October 1991 or earlier at the discretion of the trustees on seven days' notice. Those applying between 1 and 15 October will get an early-bird incentive of Rs 15 per Rs 1,000. The incentive after that will be Rs 7.50 for every Rs 1,000 invested till the closing date. This money will be repaid by a cheque sent along with the Magnum certificates and should not be deducted from the application money.

Magnums under both the schemes are eligible for loans up to 75% of the face value from branches of the State Bank group. Magnums can also be pledged/charged in favour of scheduled commercial banks and other financial institutions. They are transferable between persons eligible to apply and have been provided with adequate liquidity through listing on the stock exchanges 12 months after allotment.

SBI Mutual Fund has done well to provide for a succession clause in both the schemes. Thus, investors will be saved the bother of obtaining a succession certificate if the first holder dies and the surviving joint holder requests the addition of another name.

Magnums under the Triple Plus scheme may be repurchased at the end of three years at the following prices for every Rs 1,000: after three years, Rs 1,520; four years, Rs 1,750; five years, Rs 2,020; six years,Rs 2,330; and seven years, Rs 2,700. Partial repurchases are also allowed.

Sole or first-named applicants get the following tax benefits:

- If an investor holds Magnums for at least three years, he will be eligible to capital gains relief under s.48(2) of the Income-Tax Act (ITA) 1961 to the extent of 100% of the capital gains up to Rs 15,000 on the repurchase or redemption of Magnums, and to an additional deduction at the rate of 60% of gains in excess of Rs 1.5 lakh. In the case of a company, the additional deduction will be 30%.
- Wealth tax exemption under s.5(1A) of the Wealth Tax Act 1957.
- Exemption for religious/charitable trusts under s.11(5) of the ITA.
- Dividends, if and when declared and reinvested under Magnum Express, will be eligible for relief under s.80L of the ITA, provided the individual or the HUF had opted for this benefit while applying.

To sum up, both schemes suit different temperaments. Triple Plus assures fast growth but without any surprises. It has an edge over two other comparable cumulative schemes: Kisan Vikas Patras and Indira Vikas Patras. Triple Plus will give an investor an implicit return of more than 15% per annum with total security of capital and ample liquidity.

Magnum Express, on the other hand, does not assure any guaranteed minimum appreciation but dares one to opt for exciting growth. It is basically an investment in an equity portfolio managed by officers who are experienced and well-informed. And since Magnums under both the schemes are to be listed on the stock exchanges, investors can look forward to many happy returns.

It is therefore unfortunate that unlike many earlier mutual fund schemes, applicants are not guaranteed assured allotment. Subscription will be retained to the maximum extent of Rs 500 crore under Triple Plus and Rs 100 crore under Magnum Express. The excess subscriptions may be returned; thus applicants should keep their fingers crossed.

• *The author is the president of the merchant banking division of Batlivala & Karani.*

IN A NUTSHELL

Schemes: (1) Magnum Triple Plus guarantees minimum trebling of invested amount in seven-and-a-half years plus possible appreciation. The face value: Rs 100. (2) Magnum Express is a five-year equity growth scheme, with no minimum guarantees and no repurchase options. The face value: Rs 10.

Minimum & maximum amounts investible: Minimum Rs 1,000 and in multiples thereof. No upper limit. Closing date: 31 October 1991.

Eligibility: (1) Adult individuals; (2) minors, through parents/guardians; (3) HUFs; (4) trusts and societies; (5) companies/bodies corporate; (6) partnership firms; (7) NRIs & persons of Indian origin on a non-repatriable basis.

Tax benefits: (1) Capital gains exemption for individuals and companies under s.48(2) of the Income-Tax Act (ITA) 1961; (2) wealth tax exemption under s.5 up to Rs 5 lakh; (3) s.80L benefit option under Magnum Express; (4) tax exemption for religious/charitable trusts under s.11(5) of the ITA.

Other features: (1) Loan facility available; (2) Magnums can be pledged and are transferable; (3) listing on the stock exchanges after 12 months; (4) incentive for early applicants; and (5) allotment is not assured.

MODERN SUITINGS

(Rs crore)

	6 months ended 30 June 91	6 months ended 30 June 90	12 months ended 31 Dec 90
Sales	25.15	23.96	44.50
Other income	0.02	0.02	0.06
Interest	0.90	0.85	1.27
Gross profit	2.55	2.18	3.67
Depreciation	0.53	0.52	1.09
Taxation	—	—	—
Net profit	2.02	1.66	2.58
EPS (Rs)			8.06
RONW (%)			36.19

Modern Suitings' margins have moved up. On an expanded equity capital of Rs 12.63 crore, the company's annualised EPS is Rs 3.20. Its P/E is 10.31 at the current market price of Rs 33.

INDO GULF EXPLOSIVES

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	19.23	16.51
Interest	0.74	0.84
Gross profit	3.49	2.53
Depreciation	0.47	0.44
Taxation	0.34	0.35
Net profit	2.68	1.74
EPS (Rs)		7.07
RONW (%)		40.65

Indo Gulf Explosives' margins have improved. At the current market price of Rs 78.75, the company's P/E is 7.23. The EPS is Rs 10.89.

ANTIFRICTION BEARINGS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales	61.54	48.07
Other income	2.82	1.89
Interest	2.24	1.96
Gross profit	8.23	6.84
Depreciation	2.32	2.29
Taxation	3.03	1.88
Net profit	2.88	2.67
EPS (Rs)		8.27
RONW (%)		24.10

Antifriction Bearings' margins are under pressure. At the current price of Rs 130, and on an EPS of Rs 8.92, the company's P/E is 14.57.

GOA ELECTRICALS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	5.37	4.43
Interest	0.47	0.35
Gross profit	0.21	0.20
Depreciation	0.09	0.08
Taxation	—	—
Net profit	0.12	0.12
EPS (Rs)		0.99
RONW (%)		7.69

Goa Electricals' gross and net margins have slipped slightly. On an EPS of 99 paise, and at the current price of Rs 32, the company's P/E is 32.32.

H.B. PORTFOLIO

(Rs crore)

	12 months ended 31 May 91	14 months ended 31 May 90
Sales & other income	5.66	4.54
Interest	0.51	0.22
Gross profit	1.70	1.44
Depreciation	0.49	0.28
Taxation	—	0.02
Net profit	1.21	1.14
EPS (Rs)		3.30*
RONW (%)		19.86*

H.B. Portfolio's margins are feeling the squeeze. The EPS is Rs 4.09. The company's P/E is 4.40 at the current price of Rs 18.

KAJARIA CERAMICS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales	25.16	15.01
Other income	0.07	0.18
Interest	2.80	1.87
Gross profit	4.47	2.17
Depreciation	1.91	1.29
Taxation	—	0.15
Net profit	2.56	0.74
EPS (Rs)		1.21
RONW (%)		10.76

While Kajaria Ceramics' gross margin has registered a slight improvement, the net margin has doubled. On an increased equity capital of Rs 7.67 crore, the company's EPS is Rs 3.34. At the current price of Rs 41.25, the company's P/E is 12.35.

GOODLASS NEROLAC

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	135.48	114.70
Other income	0.65	0.66
Interest	5.39	4.29
Gross profit	5.67	5.32
Depreciation	0.49	0.45
Taxation	2.36	2.12
Net profit	2.82	2.75
EPS (Rs)		8.49
RONW (%)		14.29

Goodlass Nerolac's margins are down. On an EPS of Rs 8.70, and at the current price of Rs 72.50, the company's P/E is 8.33.

TPI INDIA

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Net sales	8.81	7.19
Other income	0.12	0.09
Interest	0.49	0.30
Gross profit	0.63	0.42
Depreciation	0.20	0.32
Taxation	—	0.02
Net profit	0.43	0.09
EPS (Rs)		1.48
RONW (%)		6.72

TPI India's margins have posted good growth. At the current market price of Rs 33, and on an EPS of Rs 6.72 (equity capital has moved up to Rs 0.64 crore), the company's P/E is 4.91.

KIRLOSKAR BROTHERS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Sales & other income	180.01	96.41
Interest	5.74	4.15
Gross profit	10.59	3.22
Depreciation	2.11	1.24
Taxation	3.70	0.15
Net profit	4.78	1.83
EPS (Rs)		5.96
RONW (%)		12.87

Kirloskar Brothers' margins have improved. On an EPS of Rs 15.57, and at the market price of Rs 145, the company's P/E is 9.31.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 20 September 1991.*

ELGI EQUIPMENTS

MIXED SHOWING



One cannot say its bottomline is bountifully equipped. With depreciation and taxation playing havoc with its profitability, Elgi Equipments Ltd (EEL) has reported a not-so-encouraging net profit figure for the year ended 31 March 1991.

Gross turnover grew 23% and gross profit, too, improved 25%. But, what otherwise can be termed as good growth, was dissipated by hefty depreciation charges (up 45%) and taxation provisions (up 29%). Hence net profit showed a modest single-digit growth rate — 7.33%. (Consequently, while gross margin improved, net margin declined.) With a very small equity base of Rs 1 crore, EEL's earning per share (EPS) does look impressive at Rs 19.06 (Rs 17.76). Book value per share (BVPS) is also a healthy Rs 135 (Rs 119). Return on net worth, however, shrank slightly to 14.13% (14.93%) despite a rise in profits. The dividend payout, though marginally higher at 11.54% (11.26%), exhibits the typical conservativeness of most south-based companies. (Dividend per share was Rs 2.20 — Rs 2.) At the current price of Rs 345 (Madras stock exchange: 18 September 1991), EEL's price/earning (P/E) ratio is 18.10.

ELGI EQUIPMENTS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	72.47	59.13
Gross profit	5.05	4.04
Profit after tax	1.19	0.92
Equity capital	1.00	1.00
Reserves	12.49	10.90
Gross profit margin (%)	6.96	6.84
Return on net worth (%)	14.13	14.93
Dividend (%)	22.00	20.00
Earning per share (Rs)	19.06	17.76
Book value per share (Rs)	134.88	118.98

Source: Annual reports

Escalating costs. The company has reduced the time it takes to convert its raw material inputs, and is a lot quicker in knocking on its debtors' doors. However, EEL took a beating from escalating costs. With a modernisation-cum-expansion exercise under implementation, interest costs were up 25%. All other costs are also up except for the payments to personnel and excise duties.

EEL's balance-sheet also stands tainted with auditors' qualifications. The auditors find EEL's method of accounting for excise not in line with standard accounting practices. Besides, the company capitalised the interest it had to pay on its borrowings for buying assets. This is also a doubtful accounting practice. As a result, EEL's interest bill is lower by Rs 2.35 lakh and depreciation is higher by Rs 10.51 lakh. So the profit for the year dipped by Rs 8.16 lakh. EEL also suddenly decided to change its method of calculating its gratuity bill. It switched to the arithmetical method from the usual actuarial method. So profits are overstated by Rs 14.24 lakh.

As for the future, EEL should find the going smooth. Though growth in the air compressor industry (where EEL is a major player) was sluggish and margins wafer-thin, with a wide product base (besides air compressors, the company also makes lubricating machinery, hydraulic hoists, auto car-washers, screw compressors and pasteurising plants), EEL can successfully absorb the shocks, if any, which arise in future.

INDIAN SEAMLESS

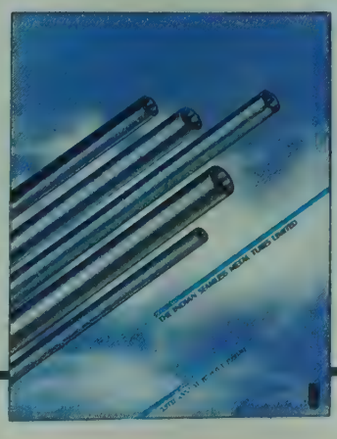
CONSOLIDATING PROFITS

Just like its seamless tubes, its growth continues to be impeccable. The year ended 31 March 1991 was yet another period of growing turnover and profits for Indian Seamless Metal Tubes Ltd (ISMTL).

The company's gross turnover, gross profit and net profit went up by 26%, 33% and 39% respectively. (Margins also improved.) EPS rose to Rs 14.65 (Rs 10.50). BVPS stood at Rs 44.50 (Rs 32.30). RONW was an impressive 27.07% (24.15%). However, ROCE (return on capital employed) slipped back into the single-digit range — 9.03% (11.21%). And while the directors stepped up the dividend per share to Rs 2.50 (Rs 2), payout decreased marginally to 17.07% (19.05%). ISMTL's P/E is 11.95 on a current market price of Rs 175 (Bombay stock exchange: 18 September 1991).

Except for material expenses, ISMTL was unable to maintain a leash on other costs. For financing its activities, ISMTL went on a borrowing binge — long-term loans (mainly working capital loans from banks and convertible and non-convertible debentures the company issued in 1990-91) roped in 77.38% of funds used in the year — which pushed up its debt-equity ratio to 2:1 (1.16:1). Naturally, the interest bill soared one-and-a-half times. And with only a part of the convertible debentures to be split into equity shares on 14 November 1991, interest expenses will continue to eat away a good part of the current year's (1991-92) earnings. Also, ISMTL is trying to successfully implement an expansion project to increase its capacity to 50,000 tonnes per annum (tpa) from 30,000 tpa. This at a time when its current capacity utilisation stands at 61.23%; although this figure is an improvement over the previous year's 57.21%, it is not much to crow about as demand for seamless tubes does not seem to have dampened.

Luckily, average realisation per tonne moved up to Rs 37,633 (Rs 33,619) — perhaps the runaway inflation must have done the trick. The fact that ISMTL is a major player in the seamless tubes market must have helped a bit too.



New forays. Meanwhile, things are happening at the company's headquarters. Plans are on to expand the company's product base. (Currently, ISMTL's fortunes are based on a single product — seamless tubes.) And in a bid to enter the lucrative leasing and

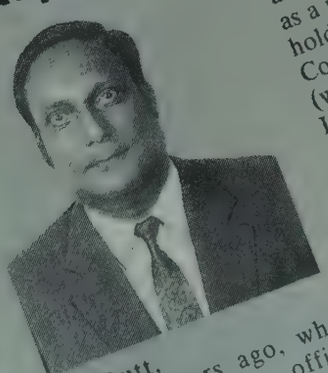
An opportunity to talk about ourselves... At KCP, we have not done this often in the past. Not surprising, considering we've always been the 'quiet performer', working steadily at our diverse lines of business. Now KCP is at centre stage. It's our Golden Jubilee Year! An event that marks a special celebration... For the inspiring style of leadership that our founder, Velagapudi Ramakrishna set 50 years ago, which continues today with V L Dutt.

For our pioneering hi-tech modernisation programmes in sugar and cement manufacture.

Once in 50 years comes a gold



The low profile sugar company is readying for the big times.



V.L.Dutt.

Fifty years ago, when former ICS officer Velagapudi Ramakrishna bought over a cooperative sector sugar factory at the

tentative foray into the wor
of industry. V.Ramakrishn
and Sons had been in busine
as a managing agency and t
holding company of Krish
Confectioneries Private L
(which is today known as K
Ltd) for some time, but t
Vuyyuru factory was its f
real industrial venture.
The group has not lo
back since then. As it
ready to celebrate its gol
jubilee, the KCP Group
grown into a Rs.215-cr
empire, with 4,000 employ
on its rolls. "It has bee
period of galloping growt
said V.L.Dutt

our massive rural welfare programmes. For several firsts in import substitution and specialised equipment.

netallurgical and chemical industries, effluent treatment, space research and defence applications.

ur triumphs abroad with high-value turnkey projects. For our ambitious plans for future diversification :

portunity ...

power generation, slag cement manufacture, hotels... We stand proudly today on the threshold of gold. A Rs.150 crore growing industrial force recharged with new technologies, new commitments...

It's KCP's time in the sun.



KCP in the 90's will rise to new challenges - with a technological infrastructure equipped for exciting product innovations.



HTA 7905

RAL PROCESSING INDUSTRIES, STEEL PLANTS, CHEMICAL INDUSTRIES, SPACE RESEARCH & NUCLEAR POWER INSTALLATIONS.

financial services business, the company has taken over Bliss Finalease (India). Rechristened Indian Seamless Financial Services Ltd and with a restructured management, this financial services arm is to approach the primary market hat in hand, with a public issue. ISMTL is also planning a foray into the manufacture of light aircraft and gliders by promoting Taneja Aerospace & Aviation which has received a letter of intent to produce 60 gliders per year.

A subsidiary — Indian Seamless Steels & Alloys — is putting up a plant for producing steel rounds which the company needs to make seamless tubes, a kind of backward integration.

INDIAN SEAMLESS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	76.15	60.58
Gross profit	8.70	6.52
Profit after tax	5.65	4.05
Equity capital	3.86	3.86
Reserves	13.30	8.61
Gross profit margin (%)	11.43	10.76
Return on net worth (%)	27.07	24.15
Dividend (%)	25.00	20.00
Earning per share (Rs)	14.65	10.50
Book value per share (Rs)	44.47	32.32

Note: Revaluation reserves of Rs 3.72 crore (Rs 4.3 crore) have been included while calculating RONW.

Source: Annual reports

Sister company Balaji Tubes, which produces high-precision tubes, also plans to go public. Despite the entry of new players in the seamless tubes market, holding the share is a sound strategy.

FINOLEX PIPES

ON A GOOD WICKET

The performance of the country's premier pipe-maker is pleasing. With a marginal growth in turnover, Finolex Pipes Ltd (FPL) managed to register a fine improvement in profit figures for the year ended 31 March 1991.

Though gross turnover moved up 7% (the growth rate of gross sales at Rs 78.53 crore — Rs 74.07 crore — is even smaller at 6%), gross profit increased by 17% and net profit by some 40%. (Margins also improved.) Hence, EPS is also up to Rs 4.04 (Rs 2.90). BVPS, after accounting for a huge miscellaneous expenditure provision, stands truncated at Rs 7.91 (Rs 14.85).

In August-September of 1990, FPL had approached the primary market with rights and public issues of convertible and non-convertible debentures to finance a PVC resin project. (PVC resin, a basic raw material in pipe production, is usually imported.) For these issues, the company had to foot a bill for lumpsum commission and brokerage, which were to be written off against future profits. The company has clubbed these payments under miscellaneous expenditure. The payments are, incidentally, more than FPL's total equity capital. As a consequence, with a fall in the net worth, RONW zoomed up to 51.15% (19.57%). With a higher dividend of Rs 1.80 (Rs 1.25), payout also moved up to 44.55% (42.96%). At the current market price of Rs 30.75 (Pune stock exchange: 18 September 1991), the company's P/E is 7.61.

FPL uses imported PVC resin to produce pipes. And during the year under consideration, the imported component in the total raw materials used went up to 94% (76%) — about Rs 56.47 crore (Rs 44.09 crore) worth of raw material was imported. So the hunt for exim scrips will be a source of worry for some time.

Sound decision. No doubt new projects need a lot of money and FPL's decision to go in for convertible debentures to finance its new project seems sound. It is also true that PVC resin is very essential for producing PVC pipes and the demand for the pipes is substantial and growing. But look into the sources and application statement (which basically shows from where the company has collected funds and how it has utilised them); it shows that the company has collected Rs 135.46 crore (when its total turnover is just Rs 81.65 crore) and deployed Rs 81.20 crore into investments. Most of this (some 99.51% to be exact) was used to buy Unit Trust of India units. Thus, the company's debt-equity ratio is an embarrassing 8.14:1 (1.43:1). And not content with such massive loan funds, FPL's board of directors is trying to get the shareholders' approval to increase the board's borrowing limit to Rs 600 crore from Rs 400 crore.

Once the debentures get converted, the company will have quite a headache trying to service its shareholders. It is needless to mention that interest costs are up and will again increase in the current year. During 1990-91, capacity utilisation also fell. In the case of PVC pipes, it dipped to 73.77% (82.44%) and for PVC fittings, it was down to 50.34% (73.20%). The main culprit is the shortage of imported PVC resin.

Average realisation per metric tonne improved — it went up to Rs 35,366 (Rs 30,402) for PVC pipes and for PVC fittings it increased to Rs 38,934 (Rs 32,345).

FINOLEX PIPES

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross turnover	81.65	76.06
Gross profit	5.58	4.76
Profit after tax	4.43	3.17
Equity capital	10.95	10.90
Reserves	8.76	6.54
Gross profit margin (%)	6.83	6.26
Return on net worth (%)	51.15	19.57
Dividend (%)	18.00	12.50
Earning per share (Rs)	4.04	2.91
Book value per share (Rs)	7.91	14.85

Note: Miscellaneous expenditure of Rs 11.05 crore (Rs 1.25 crore) has been included while calculating RONW and BVPS.

Source: Annual reports

For the future, the company bravely states that the devaluation of the rupee will not hurt its earnings. Turnover for the four months ended 31 July 1991 has improved 28.71% to Rs 32.37 crore (Rs 25.15 crore) against the corresponding four months ended 31 July 1990.

□ G. Giridhar

बी एच ई एल
BHEL

Bharat Heavy Electricals Limited

NEEDS EXPERIENCED ENGINEERS

For its Heavy Electrical Equipment Plant, Hardwar.

Selected candidates may be posted at the level of Manager, Senior Manager or Dy. General Manager depending upon the qualification and experience.

QUALIFICATION AND AREA OF EXPERIENCE:

Post No. 1: Plant and Machinery - Manufacturing - 1 Post

Qualification: A Bachelor's degree in Mechanical Engineering.

Experience: Manufacturing expertise to enable machine Upgradation, reconditioning and life extension, expertise in manufacture of auxiliary machining peripherals and interfacing them with heavy duty machine tools. Preference will be given to those having actual experience in renovation, upgradation and capital repairs of heavy duty machine tools.

Post No. 2: Plant and Machinery - Mechanical design - 1 Post

Qualification: Bachelor's degree in Mechanical engineering with a Master's degree in machine design.

Experience: Mechanical machine design, conversion-upgradation and life extension of machine tools, design of mechanical fixations and alteration for CNC conversion. Preference will be given to those having experience in developing CNC machine, retrofitting of large size CNC machines, interfacing with PLC programming.

Post No. 3: Plant and Machinery - Electrical design - 1 Post

Qualification: Bachelor's degree in Electrical engineering with Master's degree in machine design.

Experience: Power and other control systems, conversion of power system to DC thyristor controls, CNC retrofits for multiple axes on heavy machine tools.

MINIMUM EXPERIENCE:

Minimum post qualification experience (as on 01/10/91) for the post of Manager, Sr. Manager and Dy. General Manager is 12 years,14 years, and 16 years respectively. For candidates with M. Tech qualification experience may be relaxed upto two years.

RESERVATION & RELAXATION

Posts for SC/ST candidates will be kept reserved as per Government rules. For such candidates, age limit is relaxable by five years and experience by three years for positions at the levels of Manager/Sr. Manager and four years for the level of DGM

AGE LIMIT (as on 01/10/1991)

Maximum age limit - 40 years for the post of Manager, 45 years for Senior Manager and 50 years for Dy. General Manager.

REMUNERATION AND SERVICE CONDITIONS:

Scale of Pay :
Manager : Rs. 5200-160-6000-175-6875.
Sr. Manager : Rs. 5750-175-7325.
Dy. General Manager : Rs. 6250-175-7475.

In addition to pay, DA and other benefits such as HRA, or Company Accommodation (if available), Plant Performance Payment, LTC, Group Insurance, Leave encashment, Contributory Provident Fund, Gratuity, Conveyance Reimbursement, Medical Facilities are admissible as per the Company Rules.

GENERAL:

Candidates called for interview will be reimbursed single first class return train fare from their starting station or mailing address, whichever is nearer to the place of interview.

Specifications may be relaxed in case of exceptionally deserving cases.

HOW TO APPLY: Please write to:

Dy. Manager (Personnel),
Recruitment & HRD Cell, Corporate Personnel,
Bharat Heavy Electricals Limited,
BHEL House, Siri Fort,
New Delhi-110 049.

For an application form, enclose a self-addressed envelope (25 cm × 14 cm) with stamps worth Rs. 2.00 affixed. Persons employed in Government Departments/Public Sector Undertakings and Autonomous Organisations should apply through proper channel or produce 'NO OBJECTION CERTIFICATE'-from their employer at the time of interview.

LAST DATE FOR RECEIPT OF FILLED-IN APPLICATION : 18th OCTOBER, 1991.

APPOINTMENTS

EFFECTIVE INDUSTRIAL RELATIONS

ORGANISATIONAL EFFECTIVENESS

EMPLOYEE SELECTION SERVICE

A Progressive, Professionally Managed, Highly Profitable Organisation, Enjoying Product Brand Leadership Nationally and Internationally with substantial Expansion and Diversification Plans needs :

GENERAL MANAGER-EXPORTS

Calcutta

Rs. 1.00 lac per AnnumGross+ Furnished Accommodation+ Perks

The successful candidate will be an Engineering Graduate and MBA from a reputed Management Institute, having 15 years experience as Head of Export Function in a multi-product set-up enjoying substantial Export business. He would be required to head a small existing Export Trading House and to develop its turnover well over Rs. 100 crores per annum in the next three years. We are looking for a dynamic, high profile Business Manager fully conversant with all aspects of Export Management, especially familiarity with products, National and International markets, commercial acumen, Statutory Rules and Regulations.

Please apply within 10 days with a well-structured resume to :

R L Kapur, Director,
Management Consultancy Division
SKP Corporate Services (P) Limited
308, 'Shantiniketan', 8, Camac Street, Calcutta-700 017
Phone : 22 4287 Fax : 033 284896

MANPOWER TRAINING & DEVELOPMENT

ABC's major specialisations include Corporate Consultancy

New Project Development • Techno Economic Feasibility Study

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ADVISOR

BOMBAY **ATTRACTIVE TERMS**

We have been retained by a large, professionally managed, highly progressive **Industrial Group** having diversified business interests in Textiles, Fertilisers, Cement, Caustic Soda, PVC Resin etc., with a current turnover exceeding Rs. 350 crores to assist in selection of a Senior Professional for their **Liaison** work at Bombay.

The incumbent will be required to **interface with various Financial Institutions & Banks** for expeditious processing of various applications and various on-going projects related work. Should be well versed with Financial Institutions/Banking Norms & Procedures.

We are looking for a seasoned professional, preferably a **retired officer of a Public Financial Institution or Bank** having established contacts, an out-going personality and the drive to achieve results and get things done.

Emoluments and other terms will be commensurate with the requirements of the job & related experience of the individual. Please write in strict confidence to **D. Bhargava, General Manager,** within 15 days enclosing detailed bio-data with contact phone number quoting job title and code: SPL/DEL/1244

ABC CONSULTANTS PRIVATE LIMITED
209 Meghdoot, 94 Nehru Place, New Delhi-110019

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

BSIL Bihar Sponge Iron Ltd.

REQUIRES

GENERAL MANAGER STEEL PROJECT

The Company

Bihar Sponge Iron Limited is a joint venture, promoted by Modi Group & BSIDC in technical and financial collaboration with Lurgi AG the world's largest process engineering company, DEG (German Development Bank), and with IFC Washington, also having equity participation in the company. A pioneer in the sponge iron industry, BSIL has embarked on an ambitious forward integration project to manufacture high quality steel using state of the art technology. The company is entering into agreements with world's leading companies for melting/casting/rolling mill technology and equipment for the project.

The requirement

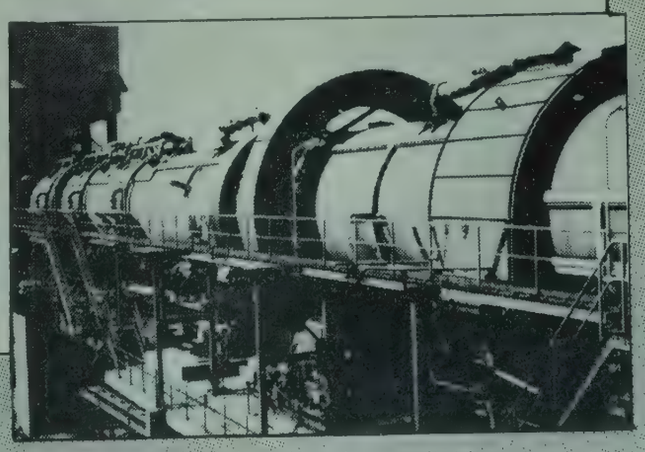
Reporting to the Managing Director, the position will be currently based at the Head Office in Delhi. The incumbent will be responsible for the development and implementation of the project which will involve an investment of over Rs 1000 crores. Candidate must be qualified, mechanical/metallurgical engineer with atleast 10 years experience in operation/modernisation of a large integrated steel plant. MBA degree would be an added advantage.

Preferred age around 40/45 years.

The company offers professionally challenging and stimulating work environment and rewarding career prospects. Remuneration will not be a constraint for the right candidate and will be comparable to the best in the industry.

Please apply in confidence to:

Managing Director
Bihar Sponge Iron Ltd.
1400 Hemkunt Tower
98, Nehru Place
New Delhi-110019.



REQUIRED ENGINEERS

ELECTRONICS/ COMPUTER/ELECTRICAL

For an established Industrial Group

A large, low-profile but highly successful industrial group reputed for pioneering work in diverse areas like electronics, computers, pesticides and the mining industry has successfully established itself as a leader in the field of state-of-the-art energy metering, monitoring and management products.

SECURE METERS and its team of dedicated and experienced technocrats have developed SEMS technology which is well on the way to revolutionize electricity metering, monitoring and management. This newly promoted but highly dynamic company has begun its second year with a full order book. Customer list encompasses some of the top names in the energy area. To handle this market growth, the company immediately needs additional human resources and renewed efforts to maintain its technological leadership.

Production/Quality Engineering Deputy Manager/Asst. Managers

Location: Udaipur

Good understanding of production/electrical engineering. Ability for designing jigs, tools, and fixtures. Exposure to Surface Mount Technology desirable. Degree/Diploma in Electrical/Electronics engineering. 3-5 years hands on experience.

R&D (Hardware & Software Development) Executives/Sr. Executives/Asst. Managers

Location: Udaipur

Engineers having degree/masters in Electronics/Electrical/Computer Sciences/Computer Applications from reputed institutes. 3-5 experience in design & development of microprocessor/PC based products and/or in systems programming in PASCAL or C under DOS/UNIX environment is a must.

Marketing/Field Support Engineers/Asst. Managers

Location: Calcutta, New Delhi, Bombay, Hyderabad, Bangalore and Udaipur.

Degree/Diploma in Electrical/Electronics engineering with 2-3 years experience in institutional/industrial marketing of electrical/electronic products/engineering goods. Sound technical knowledge with good communication skills are essential for marketing and field supporting this high-tech range of products.

Manager/Asst. Manager: Materials

Location: Udaipur

MBAs preferably Engineering graduates with relevant experience of 7-10 years in the electronics industry in the areas of purchase, stores and excise and able to handle the materials function in a computerised information system environment only need apply.

The company is committed to a formally adopted corporate Philosophy and offers an excellent work environment, rewarding growth oriented career and a high degree of professionalism. Positions offered have tremendous growth potential for the truly motivated. Excellent emoluments are offered with rapid growth prospects and personal advancement. Training and assignments abroad are distinct possibilities. Should you fulfill the above requirements and desire to be a part of the growing and dedicated team at SECURE METERS, apply within 10 days superscribing the post on the envelope, along with complete bio-data, emoluments received and expected to:

SEMS

Manager – HRD, Secure Meters Pvt. Ltd., P.B. No. 30, Udaisagar Road, Udaipur 313 001 (Rajasthan)

FERREIRA ASSOC./SEMS/847/91

Burn Standard Company Ltd.

(A Govt. of India Undertaking)
(A Subsidiary of BBUNL)
Registered Office : 10C, Hungerford Street, Calcutta - 700 017

Requires

the following personnel for its Refractory Units

CHIEF MANAGER (RESEARCH & DEVELOPMENT)

Posting at Salem

THE MAN

Should have First Class Degree in Silicate Technology/Ceramic/Metallurgical/ Chemical Engg/Geology. Preference will be given to those possessing Post Graduate Degree/Doctorate. The candidate should have worked in a modern and well established laboratory of large Refractory Manufacturing Plant, preferably basic refractory, in a Senior Managerial position for a minimum period of 10/15 years. Should have proven ability in the development of modern refractories, particularly basic refractories required in Iron & Steel, Cement, Glass, Non-Ferrous industries, etc. with extensive knowledge and experience of application of Modern Refractories in user industries such as Iron & Steel, Cement, Glass, etc. Should be conversant with the modern quality manufacturing techniques such as statistic quality control etc.

THE JOB

The incumbent would be responsible for the development of quality assurance and other process control parameters under suitable method so that the Green Rejection and the burnt rejection are kept within International standards, apart from ensuring that the products manufactured fully conform to set specifications. Continuous work for improvement of the existing products composition both in terms of quality as well as cost economy and developing new products to the changing requirements of the user industries also come under the job responsibilities of the incumbent. The candidate in view must be capable of guiding marketing personnel for effective entry into new market segments hitherto unexplored and the Application Engineers in the use and recommendations of the Refractory to the user industries.

MEDICAL OFFICER

Posting at Raniganj

THE MAN

Must possess a MBBS Degree from Recognised University/Institute with minimum 4 years experience as a Medical Practitioner preferably in an Industrial Organisation.

THE JOB

The selected candidate shall report to the Senior Medical Officer, Raniganj Group of Works. Normally the candidate will be required to attend to General Shift Duty but may also have to work in shifts as and when required. Shall have to make Domestic calls after scheduled working hours and attend emergency cases beyond duty hours in rotation. The incumbent should be capable to attend minor operation in case of emergency at Company's Dispensary, administer first aid in case of Industrial accidents and follow up treatment, prepare report, and advise Management in establishing hygenic conditions in the Works premises. Besides these, the selected candidate shall have to maintain medicine store & medicine stock under his control.

AGE

For Post No. 1 Below 48 years
For Post No. 2 Around 35 years

EMOLUMENTS :

Post No.	Scale of Pay	Total Emoluments (Approx)	
		Minimum	Maximum
1	Rs. 5100 - 175 - 6850	Rs. 6116/-	Rs. 7866/-
2	Rs. 2400 - 120 - 4320	Rs. 3156/-	Rs. 5136/-

The emoluments are inclusive of Basic, DA and HRA as per rules of the Company. In addition, perquisites include Medical Benefit for self and family, LTC, PF, Gratuity and Leave encashment as per rules of the Company.

GENERAL INFORMATION

Age, qualification and experience may be relaxed for deserving candidates. SC/ST candidates will be given preference. Persons presently working in Government/Semi-Government/Public Sector Undertaking should apply through proper channel. Of the candidates found suitable, preference will be given to local candidates.

Please write in confidence giving details Bio-Data together with attested copies of testimonials and a recent passport size photograph within 15 days from the date of publication of the advertisement superscribing the name of the post applied for on the envelope to the **Assistant Manager (Personnel), Burn Standard Co. Ltd., 10-C, Hungerford Street, Calcutta 700 017.**

KIRLOSKAR OIL ENGINES LIMITED



WANTED

SALES OFFICER

Kirloskar Oil Engines Limited requires a **SALES OFFICER** to market its Engine Bearings and Valves primarily for Automobile applications. The position will be at Bhubaneshwar/Cuttack. The candidate should be a Diploma holder in Engineering or a Graduate in Science having a minimum of 5 years experience in marketing Automotive Components in a large organisation. He should be willing to travel extensively, possess good communication skills and proven track record. Interested candidates may apply immediately, with a passport-size photograph to :

The Regional Manager
Kirloskar Oil Engines Limited
"Chitrakoot"
Suite No. 10/230/A
AJC Bose Road
CALCUTTA 700 020

91-568



Incab Industries Limited

(formerly "The Indian Cable Co. Ltd.")

INCAB is a multi-division, multi-locational Company, having three distinct profit centres : Cable, Construction,Contracts & Export Divisions.

INCAB is a recognised Export House, exporting mainly in-house products. It has an impressive track record and has built-up a reputation in world markets for quality and strict adherence to schedules. Consistent outstanding results have won us several National Awards.

In keeping with the company's overall growth strategy, we have ambitious plans for a major thrust in exports during the '90s. We plan to expand and diversify the existing export activities into new areas and therefore, require professionals, as :

1. Export Manager – Castings & Engineering Goods

Calcutta

2. Export Manager – Textiles/Yarn

Attractive Compensation Package

Candidates, below 40, should have a degree in Science/Engineering/Textile Technology preferably with Post Graduate qualification in International Business/Foreign Trade. They should have a minimum of 10 year's relevant experience in a leading Trading House/Export Division, of which at least four years should be in a similar position.

Prime portfolios of the successful candidates shall be to generate profitable business. They would be responsible for the sourcing of material, pricing, documentation, export incentives and co-ordination with Government bodies.

Compensation package will not be a constraint for the right candidates.
Please send your particulars in strict confidence within 10 days to :

VICE PRESIDENT – HRD
INCAB INDUSTRIES LIMITED
9 HARE STREET, CALCUTTA 700 001

Bharat Petroleum

(A Govt. of India Enterprise)

Requires

ENGINEERING PROFESSIONALS (CHEMICAL/INSTRUMENTATION) AS DY. MANAGERS/MANAGERS/SR. MANAGERS

At Refinery Site, Bombay

Gross emoluments between Rs. 71,500/- to Rs. 91,250/- per annum plus coveted perks including housing.

No. of Posts:

Chem: Dy. Managers : 5 (1 reserved for ST)
Managers : 4 (1 reserved for ST)
Sr. Managers : 3 (1 reserved for SC)

Instr: Dy. Managers : 3 (1 reserved for SC)
Managers : 2 (1 reserved for SC)
Sr. Managers : 1 (General)

We are looking for 1st Class Qualified Degree holders in the above disciplines of Engineering with a minimum of 7/10/12 years experience respectively for Dy. Managers/ Managers/Sr. Managers in Refinery/Petro Chemical/ Gas Processing/Fertilizer Industry only.

Responsibilities would cover the areas of Refinery Plant Operations, Technical Services, Project and other allied functions. The incumbent with relevant experience would have ample opportunities for displaying their skills and competence in the areas of operation, process design, trouble shooting, production planning, on-line Computer System, Material Management, construction/inspection jobs etc.

Growth prospects with us for an individual are good and are well known in the industry. In return we are seeking in the incumbent commitment, diligence and high level of enthusiasm besides professional skills and abilities.

Candidates should be between 30 to 37 years, 35 to 42 years and 37 to 45 years for the posts of Dy. Managers/ Managers/Sr. Managers respectively. (In the case of reserved categories, the upper age limit would be relaxed as per rules).

Interested candidates may submit their applications along with latest photograph giving complete details of Personal, Academic and job experience along with brief write up highlighting at least one of their achievements within 15 days to:

Dy. General Manager (P&A)
Bharat Petroleum Corporation Ltd.
Refinery Site, Mahul, Bombay-400 074.

Public Sector Employees **must apply through proper channel.**

Candidates who have responded to our earlier advertisement in 1990 need not respond again.

Bharat Petroleum... *in India's Life and Part of it*

SAVE OIL – SAVE OUR NATION

VICE PRESIDENT

MARKETING

LOCATION : **AHMEDABAD**

EXCELLENT SALARY + HOUSE + CAR WITH DRIVER + PERKS

We are a fast growing, multicrore, diversified Engineering company, specializing as manufacturers of POWER ELECTRONICS, METAL TREATMENT i.e. FOUNDRY EQUIPMENT, SECONDARY METALLURGY EQUIPMENT, HYDRAULICS, etc. The Complete product range manufactured by us have been indigenously developed and compares with international standards - the reason for our bagging a number of prestigious domestic & export orders. We have a present turnover of Rs. 20 crores and all set to cross the Rs. 50 crore mark over the next two years - a target we aim to achieve with the support of a recognized R&D wing that intends to capitalize on new collaborations with recognized American and European Companies for NEW PRODUCTS to be launched in the Domestic and Export market. To strengthen the existing & proposed scale of operations, a dynamic and result oriented Vice President is required to head our Marketing and Exports Division.

RESPONSIBILITIES

The incumbent will be expected to assume overall responsibility for
- successful launch of its new range of products.
- formulation of marketing strategies and policies.
- organisation and management of all Branches and Servicing centres throughout India.
- selection training and motivation of a target oriented sales force
- Export promotion

QUALIFICATIONS

The incumbent should be an Engineer preferably with MBA, a creditable track record of 15-20 years in marketing with an engineering company manufacturing high value capital equipment. He should have held a position of a similar nature for 5-7 years and should be between 37-47 years of age.

REMUNERATION

It is the sincere intention of the company to acquire the services of the best talent available in the industry. The compensation package will naturally not be a restraining factor in our choice of the right candidate.

Please apply in strict confidence within ten days, sending complete details alongwith contact telephone nos. You may arrange for free pickup with your local DHL office. Superscribe envelope with VP/Mktg./AMD and address to :-

A-44/45, NOBLES BUILDING, 3RD FLOOR,
ASHRAM ROAD, AHMEDABAD.

TATA EXPORTS

Requires

TECHNICAL PERSONNEL

(Location : Calcutta)

The Company is a Star Trading House with a turn-over exceeding Rs. 300 crores and is poised for growth and further diversification. The Company's business portfolio includes Engineering products, Turnkey Engineering Projects, Leather/Leather products and Trading. The Company is the procurement agent in India for Zambia Consolidated Copper Mines.

Manager - Materials

The candidate should be a B. E. (Mech) preferably with a post-graduate/diploma in Materials Management from Indian Institute of Materials Management or reputed Institute.

The job requires a high degree of maturity with about 8 - 10 years experience in the purchasing division of a large Engineering Company with specific emphasis on vendor development, purchase of general engineering items, stores, materials (mechanical / electrical / civil / and safety items). Familiarity with export procedures / rules and use of computer in the purchasing function would be an added advantage.

Age group : 35 to 45 years.

Engineers

The candidate should be B. E. (Mech) with a Diploma in Materials Management from an Institute of repute.

The job involves 2 - 3 years experience in vendor development and purchasing of general Engineering items, etc. Knowledge of export procedures/rules will be preferred.

Age group : 25 to 30 years.

The positions carry attractive compensation package and offer excellent career development and growth prospects.

Please apply within 10 days to :

Chief Personnel Manager

Tata Exports Limited

'A' Block , Shivsagar Estates

Dr Annie Besant Road, Worli, Bombay 400018

Publicity Media

MANAGEMENT ACCOUNTANT

We have been retained by a leading pharmaceutical company to locate for them a dynamic Management Accountant.

The ideal candidate will be a Chartered Accountant with at least 10 years experience. An additional qualification in Cost Accountancy will be preferred. He should be able to lead a team of professional accountants in the following functional areas:

- Compliance with direct, indirect, and commercial tax laws
- Financial accounting and Management reporting
- Costing and Factory accounting
- Budget, Budgetary control and Treasury Management.

The job is based in Calcutta. Remuneration and benefits will be commensurate with qualifications and experience, and will not be a limiting factor for the right candidate.

Please send your bio-data in complete confidence to: The Director,

Price Waterhouse Associates

PRIVATE LIMITED

Sukh Sagar 2/5 Sarat Bose Road

Calcutta 700020 Ph 752910

Tom Roychoudhury & Associates PW 0803

Shilputsi

AMBUJA CEMENT

Shilputsi Consultants have been retained to recruit

DIRECTOR – INDUSTRIAL RESEARCH & DEVELOPMENT

Gujarat Ambuja Cement is a leader in cement industry with many firsts in manufacturing and marketing to its credit. The success has been possible by virtue of the team efforts of its employees at all levels. The company encourages its staff to pursue innovative ideas, take risks and gives freedom and authority to take decisions. This work culture has resulted in achievement of capacity utilisation at 140% and energy consumption which is lowest in Indian cement industry.

The company has a Research & Development Centre recognised by the central government and now invites an outstanding professional to head this department. The position is at the company's works at Ambujanagar, Kodinar near Veraval in Gujarat.

The job: The Director – IR & D will be responsible for leading the team of research scientists and engineers in the area of cement manufacture and applications. He would also explore opportunities for developing products/processes in the field of building materials and related areas.

Qualifications: Post graduate in chemistry or chemical engineering with 15 to 20 years of experience in industrial research. Candidates with a doctorate will have an advantage.

Remuneration: Remuneration will not be a constraint for the right candidate. Furnished accommodation will be provided in the residential complex at the company's works.

Please write in strict confidence to –

Ms. Pratibha Sheth
Executive Director
Shilputsi Consultants
Post Box No. 9386
Bombay-400 026.



THE UB GROUP

REQUIRES

SENIOR PROFESSIONALS AT BHUBANESHWAR

The UB Group, with a turnover exceeding Rs. 1,700 crores, is one of the fastest growing industrial groups in the country today. The Group has a widely diversified portfolio, ranging from beer to high-tech fields such as petrochemicals, pharmaceuticals, electronics and telecommunication.

The Group has a common pool of management resources. This team comprises professional managers operating in a dynamic environment. We wish to recruit the following senior professionals for one of our companies located at Bhubaneshwar.

GENERAL MANAGER – FINANCE

The incumbent will be responsible for financial accounting, costing and management accounting functions. The successful candidate must have experience in budgetary control, performance budgeting, formulating innovative financing schemes, dealing with financial institutions and banks, handling day-to-day financial operations, and spearheading the financial and MIS aspects of a company in a turnaround situation.

The incumbent should be an MBA (Finance) or a Chartered Accountant with about 15 years of relevant experience. Preferred age – below 45 years.

MATERIALS MANAGER

The incumbent will be responsible for materials planning, purchasing, inventory control and for liaising with foreign collaborators.

The successful candidate must have a track record in implementing modern materials management techniques, making a significant impact on the bottom line. He should be an MBA and must have 10-15 years of relevant experience. Preferred age – below 40 years.

COMPANY SECRETARY

The incumbent will be responsible for secretarial and legal functions involving company law, income tax and other statutory requirements.

The successful candidate must be a Chartered Secretary with a degree in Law or Commerce. He must have 8-10 years of relevant experience in a Public Limited Company. Preferred age – around 35 years.

The positions offer excellent growth potential. Remuneration will not be a constraint for the right candidates.

Those interested may apply within 10 days, giving full details of age, qualifications, experience, salary drawn, etc., to:

Sr. Vice President – HRD
The UB Group, UB House
One, Vittal Mallya Road
Bangalore-560 001.

O&M 3316

Get into the big picture



Three outstanding CEOs. Steve Jobs of NeXT (founder of Apple Computer), Bill Gates of Microsoft (from FORTUNE Aug 26, 1991) and ?

Our client, the DUNCANS GROUP have asked us to locate for them an outstanding Chief Executive Officer (CEO). A CEO with vision and leadership qualities that both Steve Jobs and Bill Gates seem to have naturally.

The Duncans Group, headed by Mr GP Goenka, has a diverse range of interests in chemicals, petrochemicals, tea, man-made fibres, carbon black, tyre components, electronics, laminates and paper. They have now set up a software export venture—Duncans Software Ltd—and are looking for a dynamic leader for the venture.

His brief will be to steer the company into the high performing league and carve out a slice of the burgeoning international software market.

He will have complete charge of the operations and will report to the Board of Directors. Vision, strategic thinking and the right blend of technical excellence and business sense will be qualities our client will be looking for in the CEO.

Who can do it? Of course, Bill Gates can. And very well. And Steve Jobs will do nicely too. But they're taken. But surely there's a leader out there who'll take up this challenge. And get into the big picture.

Remember, when all that these two mavericks talked about was how they were going to 'change the world'? That's the idea. Vision, and the guts to see it through. Getting the picture? Here's some more clues.

This person we're trying to locate has
- At least 10 years relevant experience
- A successful track record of independently managing a similar company or division
- Knowledge of current trends and the ability to assess the impact of emerging technologies
- Technical skills in the IBM mainframe/AS400 environment
- Offshore experience in marketing, qualifying assignments, estimating and managing large software development projects
- Ability to build a team of motivated high calibre professionals and provide them with direction
- Most importantly to build and lead a viable, profitable and rapidly growing organisation.

Obviously, the remuneration package will not be a constraint for the right person. Are you the person we're looking for? Please apply in strict confidence with your resume to The Director, Price Waterhouse Associates, Calcutta.

DUNCANS

Price Waterhouse Associates Pvt Ltd

Sukh Sagar 2/5 Sarat Bose Road Calcutta 700020 Phone 752910 748523

Tom Roychoudhury & Associates PW0901

EICHER

A turnover of over Rs. 400 crores seems rewarding enough, but being amongst the best known engineering companies is even more so. At Eicher, the premium we place on total quality, modernisation and the investment in Human Resource Development pays dividends in many ways.

Our activities are diverse.

We are the pioneers in the Indian tractor industry and the market leaders in the low HP segment.

The internationally acclaimed 'Canter', manufactured in collaboration with Mitsubishi Motors Corporation of Japan, is the market leader in its category.

Through our strategic alliance with Enfield India Ltd., pioneers in the Indian motorcycle industry, we now have a strong presence in the two-wheeler market. Apart from the world renowned 'Bullet' and other motorcycles and mopeds, Enfield also manufactures and markets agro engines and Mitsubishi portable gensets.

We are one of India's recognised export houses, exporting LCVs, tractors, a wide range of engineering components and other products globally.

Research and Development is an integral part of our group activities.

We provide management consultancy services in association with A T Kearney Inc. of USA. Our range of operations covers leasing and hire purchase.

To facilitate the process of change and improvement, and to gear up for accelerated growth, we invite outstanding professionals with 8-12 years experience and proven track records to join us.

SENIOR MANAGEMENT POSITIONS

(Compensation : Best Industry Practice + Car + House + Perks)

Key result areas would be channelising/guiding and developing a team of bright young MBAs/CAs/ Engineers; laying down and achieving standards of inter-functional team work and providing an environment that enhances and facilitates 'Total Quality' at work, in the following functions:

MATERIALS | **MARKETING**
MANUFACTURING | **EXPORTS**
ENGINEERING | **O & M**
QUALITY | **SYSTEMS**
DESIGN & DEVELOPMENT | **FINANCE & ACCOUNTS**
PERSONNEL

Career planning for all executives is handled together across the group and therefore, all jobs are transferable. Locations are Alwar in Rajasthan; Parwanoo in Himachal Pradesh; Pithampur near Indore; Faridabad in Haryana; Ranipet; Madras; Delhi, and other cities.

Compensation would be on par with the best industry practice and the package would include leased accommodation, company-owned car and residential telephone (depending upon the level).

Please send your detailed resume in strict confidence to General Manager — Personnel, Eicher Goodearth Limited, Eicher House, 12 Commercial Complex, Greater Kailash II, (Masjid Moth), New Delhi-110 048. (Tel No: 6445521)



To facilitate the process of accelerated growth and change in our various business units and divisions, we also invite:

OUTSTANDING YOUNG PROFESSIONALS

(Compensation : Best Industry Practice)

Positions are available in the managerial cadre for professionals with 1-3 years relevant experience in:

MATERIALS	**MARKETING**
PRODUCTION	**EXPORTS**
MAINTENANCE	**PERSONNEL**
ENGINEERING	**SYSTEMS**
QUALITY	**O & M**
DESIGN & DEVELOPMENT	**FINANCE & ACCOUNTS**

Career planning for all executives is handled together across the group and therefore, all jobs are transferable. Locations are Alwar in Rajashtna; Parwanoo in Himachal Pradesh; Pithampur near Indore; Faridabad in Haryana; Ranipet; Madras; Delhi, and other cities.

Compensation would be on par with the best industry practice and the package would include leased accommodation, company-owned two wheeler and other benefits.

Please apply within 10 days, giving details of age, qualifications, salary drawn and expected to the Deputy General Manager — Personnel, Eicher Goodearth Limited, Eicher House, 12 Commercial Complex, Greater Kailash II, (Masjid Moth), New Delhi-110 048, superscribing the envelope the post applied for.



- TRACTORS.
- LIGHT COMMERCIAL VEHICLES
- MOTORCYCLES & MOPEDS.
- DIESEL ENGINES.
- AGRO ENGINES & GENSETS.
- HAND TOOLS.
- MANAGEMENT CONSULTANCY.
- LEASING & HIRE PURCHASE
- ENGINEERING & MERCHANT EXPORTS.
- RESEARCH & DEVELOPMENT

Trikaya Grey.EGL 13291

PHILIPS

PHILIPS INDIA
requires

Manager
(Automation Audit)

for their Internal Audit Department in Bombay

PHILIPS INDIA is a diversified multi-product company with a current turnover of over Rs. 500 crores, having 9 factories, 4 regional establishments and a staff strength exceeding 8000. PHILIPS is a leader and pioneer in the fields of Electronics and Lighting both world-wide and in India.

The Company has plans to introduce IBM AS/400 Computers in the Commercial and Manufacturing Sectors.

The job: Involves conducting regular audits of Application Systems in Corporate, Commercial and Manufacturing Sectors; reviewing systems performance, auditing automation, management related issues, reviewing Internal Control aspects of Application Systems and Computer Centres etc. It also involves co-ordination with Unit Operational Auditors and visits to the Companies Establishments from time to time.

Candidates should be Graduates with Degree/ Diploma in Computer Applications. Chartered Accountants or M.B.A. or Degree holders in Computer Science or Engineering are preferred.

Candidates should have minimum FIVE years experience in Systems Design & Development. EDP preferably in a large Industrial or Consultancy Organisation. Experience in Software Quality Assurance/ EDP Audit will be an added advantage.

Age: Around 30 to 35 years.

The position is in the Management Cadre and carries an attractive compensation package which includes HRA, Conveyance allowance, LTA, Medical Expenses, Provident Fund, Gratuity, Pension and Bonus besides salary.

Please apply in strict confidence mentioning age, qualifications, present emoluments and details of experience, superscribing the envelope and position applied for, within 10 days, to:

Senior General Manager – Corporate HRD
Peico Electronics & Electricals Ltd.
Shivsagar Estate 'A', Dr. Annie Besant Road,
Worli, Bombay-400 018.

AQUAMARINE FOOD PRODUCTS LTD.

Aquamarine Food Products Ltd., is an export-oriented Integrated Aquaculture Project with a captive Hatchery, Semi-intensive Farm and state-of-the-art Processing facility. This multi-crore project being amongst the largest in India, is being set-up near Nellore, Andhra Pradesh State, will be on par with International standards and requires the following qualified personnel:

FINANCE EXECUTIVE
who is dynamic and innovative

The Job: To guide and assist the management in finalisation of long term Corporate Plans.

Liaisoning with Financial Institutions and Banks etc. to support the expansion projects of the Company.

To formulate budgetary control & MIS Systems for achieving Corporate goals.

To take care of Commercial Matters & Taxation.

Applicants Qualifications: Should be a Chartered, Accountant and Company Secretary with 10 to 12 years experience.

Age: Between 35 to 40 years.

Compensation: Will match the best in the Industry.

Location: Madras.

This is a senior management position reporting directly to the Directors.

Applications will be handled in strict confidence. Persons possessing the requisite qualification & experience may respond within 15 days with a comprehensive resume and a recent passport size photograph to:

The Managing Director
M/s. **AQUAMARINE FOOD PRODUCTS LTD.**
2, 5th Street, Rutland Gate, Madras 600 006.

Envelopes should be superscribed *"Finance Executive"*

PEOPLE & PLACEMENTS



Rushad Cassad has been appointed manager (resources) of Intec Systems.



Kantikumar R. Podar has been elected vice-president of the Federation of Indian Chambers of Commerce & Industry (Ficci).



Arun Bhandari has been appointed on the board of FGP as a wholetime executive director.



P.V. Subramaniam has been appointed a wholetime director (technology & projects) of Colour-Chem.



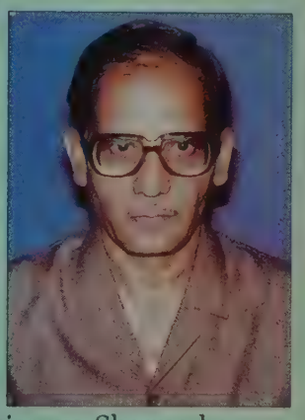
K.J. Bharucha has been appointed a wholetime director (finance) of Colour-Chem.



J.B. Diwale has assumed charge as director (finance) of Bharat Earth Movers.



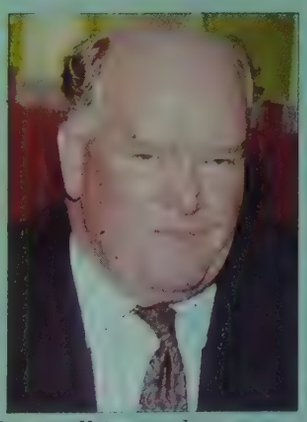
Nikhil Morsawala has been promoted as vice-president (finance) of Madalsa International.



Rajeswar Sharma has joined State Bank of India, Bhubaneswar circle, as general manager (operations).



B.R. Chatterji has been promoted as executive vice-president of Canbank Financial Services.



John Wilkinson has been appointed managing director of Esab India.



Ajit Shah has been appointed managing director of Everest Advertising.



Prakash Bhatia has taken over as managing director of Durgapur Steel Plant.

Yaohan shifts its base to Hongkong.

STORE STORY

When department-store magnate Kazuo Wada moved the headquarters of Yaohan International to Hongkong from Japan in May 1990, he promised to make it the centre of his group's international expansion programme.

Since then he has made good on his word. Wada has embarked on a spate of acquisitions and store openings in Hongkong, southern China and Macau that has made his company into one of the most visible and largest retailers in Hongkong. It makes for a stark contrast with the company's position in Japan, where it barely reaches the middle ranks of department-store operators.

Wada would like to accomplish the same trick in south-east Asia. To that end Yaohan, in May, opened a massive, 30,000 sq metre department store/supermarket complex in Bangkok. The company paid HK$560 million (Rs 184 crore) for its 49% stake in a joint venture with Thai retailing group Siam Fortune.

The new store comes on top of existing outlets in Singapore (four), Malaysia (five) and Brunei (one). Wada says Jakarta will be next on the list in south-east Asia, though government restrictions on foreign retailers there may delay the realisation of the company's plans for some time.

In all, the Yaohan group operates 92 stores in Japan and 25 outside. There are plans for an additional 13 to be opened during the next several years, including new stores in Hongkong, the US, Britain and Taiwan.

Significant start. On 8 September, Yaohan made a small but significant start towards achieving its goal of a network of stores throughout southern China with the opening of a small shop in the town of Sha Tau Kok, just across the border from Hongkong. In May, Yaohan signed a letter of intent with the Shanghai No 1 Department Store to build a $100 million (Rs 250 crore) shopping complex in the new Pudong development district, billed as the city's largest such retail project.

On 3 September, Yaohan broke ground on a HK$456 million shopping centre in Macau, the Portuguese-ruled enclave just across the Pearl river estuary from Hongkong. The venture is owned jointly with Macau gambling and hotel boss Stanley Ho.

Hongkong holds a lot of attractions for Yaohan chief Kazuo Wada. One of them is the low tax rate



HONGKONG BY NIGHT: *Tax haven*

Yaohan made a late start in Hongkong compared with its bigger and better-known competitors such as Daimaru and Sogo. Its first store opened in 1984 — almost a quarter of a century after Daimaru's 1960 entry into the colony and behind other Japanese retailers who had established shops in the seventies and early eighties.

But Wada appears intent on making up for lost time. The fourth Hongkong store opened in June. The four are all located in working-class neighbourhoods in Kowloon and the New Territories, in keeping with Yaohan's strategy of aiming solely for the local mass market, as opposed to many of its Japanese competitors, who do a large proportion of their business with Japanese and other tourists. Two more stores scheduled to open next year will give Yaohan a broader penetration of the colony than any of its competitors, local or foreign.

Yuji Sakuma, managing director of Yaohan Hongkong Corp, a locally listed company that operates the group's department stores in the colony, says the firm plans to be operating 10 or more outlets by March 1996, with a projected turnover of HK$5 billion. Revenues for the year ended March 1991 totalled HK$1.5 billion.

Low tax rate. Hongkong holds a number of appeals for Wada. One is its low tax rate. While shifting corporate headquarters to the territory reaped a bounty crop of headlines in the local press, where it was treated as a vote of confidence in Hongkong's future, Wada reckons his overall tax burden would have been 30% greater if he had stayed in Shizuoka prefecture, near Tokyo.

Profit margins on retailing operations in Hongkong are also some 80% higher than in Japan. The fact that Hongkong's satellite towns were under-served by modern department stores was another attraction.

Since establishing the Hongkong base, the company has also launched a strategy of business diversification. In 1990, it took over a local restaurant and catering operation. Renamed Yaohan International Caterers, the company has become the vehicle for an expanding restaurant, bakery and catering business. It now has 37 restaurants operating in Hongkong. In May, it completed the HK$112 million purchase of 80% of Hongkong's second-largest chain of bakery shops, Saint Honore. The chain has 18 outlets in Hongkong and three in Singapore.

In March, Yaohan International (the privately-owned holding company for the group) bought controlling interests in three local meat import and wholesale companies for HK$165 million. The businesses had a turnover of HK$387 million for the year ended March 1991. Yaohan officials say they hope to use the newly-named Yaohan Food Processing & Trading to expand sales of processed meats in China. — *Far Eastern Economic Review.*

Indonesia has a new committee to regulate offshore lending.

SETTING PRIORITIES

Bankers and businessmen have given a cautious nod of approval to Indonesia's decision to set up a committee of 10 ministers to approve all future requests for offshore lending by the public sector. The move allays fears that a series of proposed multi-billion dollar projects could overwhelm Indonesia's ability to service its foreign debt in the medium term.

However, two important questions remain to be answered: the level of new overseas lending to be permitted each year and the criteria to be used in determining a priority list of projects.

"Our aim will be to ensure that projects seeking foreign funding enter the international markets in a more orderly way," says coordinating minister for the economy Radius Prawiro. Radius will chair the new panel, dubbed the Foreign Commercial Debt Team (FCDT).

The FCDT decree defines public borrowing in the broadest sense. All foreign commercial borrowing for government-related projects will require approval, as will private projects that have a government guarantee to supply raw materials or purchase production.

The main impact will fall on $40-60 billion (Rs 1,00,000-1,50,000 crore) of "mega-projects" — chiefly concerned with energy, roads, water, telecommunications, natural gas and petrochemicals. Economists have grown increasingly worried that funding for these projects would put too much pressure on an overheating economy and strain the country's external payments. Preliminary estimates suggest Indonesia recorded a current-account deficit of almost $4 billion in the first half of 1991, against under $3 billion for all of 1990.

Bankers estimate that Indonesian firms borrowed about $7 billion from overseas sources in 1990 and maybe another $6 billion in the first eight months of 1991. This infusion of capital has undermined government attempts to tighten money-supply growth in a bid to bring down inflation. "The FCDT allows the government to close the door on unwanted offshore borrowing which, in turn, enables the tight-money policy to really take effect," says Westpac Panin Bank president Jamieson Bryan.

No surprise. Given the rise of Indonesia's overseas debt, bankers had assumed the government would take some sort of action. The 4 September announcement, therefore, did not come as a surprise. Many bankers noted that the move falls short of reimposing strict foreign-exchange controls — what one called the "doomsday scenario" — and did not think it would discourage new investment in Indonesia.

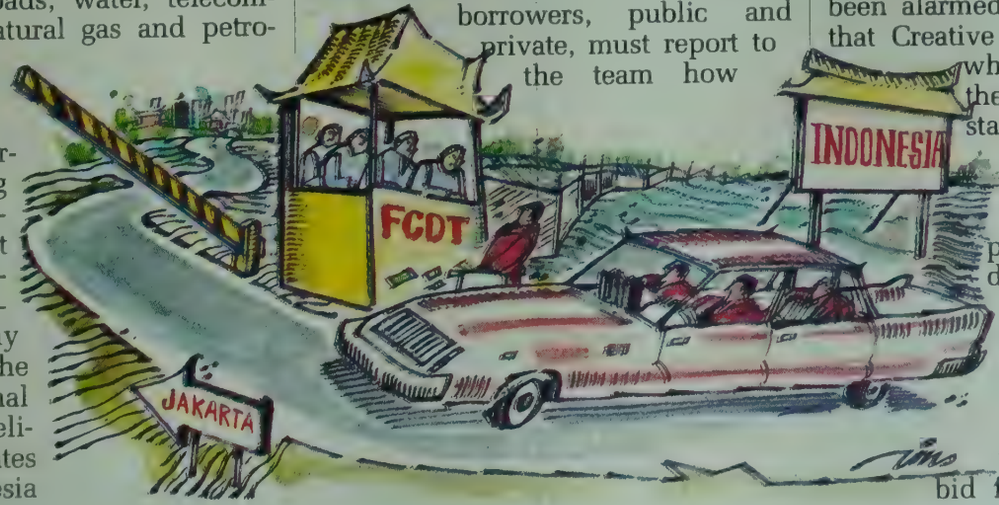
The debt-screening policy gives the government more control over the economy, one foreign banker points out. Before, he says, the demand for offshore funds meant that banks, particularly large Japanese institutions, were effectively deciding which projects would go ahead.

It is unclear how the move will affect rupiah interest rates. A scaling back of public-sector projects, many funded locally as well as overseas, could allow domestic rates to fall. But the opposite could happen if big projects switch to 100% local financing.

Purely private-sector loans do not need FCDT clearance but all offshore borrowers, public and private, must report to the team how they use loan proceeds. This rule will affect mainly large companies, since smaller ones do not have access to the international capital markets. Private companies will be affected, however, where they have equity stakes or subcontracting roles in public-sector projects.

Analysts are divided on the broader implications. Some say the FCDT will enable the government to evaluate new projects from a macro-economic perspective, rather than on individual merit. Others are worried by precisely this possibility, fearing that the FCDT could find itself setting a national industrial policy.

"Someone is going to have to make the subjective decision on exactly what Indonesia's priorities are," says a senior adviser to Bank Umum Nasional Mel Brown. — *Far Eastern Economic Review.*



The Coca-Cola-Pepsi war takes a new turn.

COKE'S NEW CAPER

She is the world's best-known brand, a venerable star beginning to fret that age might be withering, and custom staling, her infinite variety. He is Hollywood's most powerful talent agency, a dashing leading man who promises to return to her the full bloom of youth. They make a glamorous pair; but it is difficult to believe many will be impressed with their performance together.

America's advertising industry has been alarmed by the announcement that Creative Artists Agency (CAA), which represents many of the world's biggest film stars, will serve as global media-adviser to Coca-Cola. Ad agencies fear the deal could set a precedent that will undermine their role as marketing strategists for some of the country's biggest consumer-goods companies. Whether or not that is true, the deal is a dramatic bid for favourable publicity

We compete in global
competitors.



World-class technology is our basic strength.

Serving the core sector – ☐ Railway Wagons and Permanent Way Materials
☐ Electro Porcelain Insulators ☐ Chemicals ☐ Cyanides ☐ Petrocarbons

narkets, with world-class

That's the reason our products conform to international standards.

We're able to do this because of two things.

First, our technical collaborations with nine world leaders. And, second, our ability to assimilate the technology and manufacture products that can compete successfully in tough world markets.

Just take a look at our track record.

Achievements which have earned us the recognition as an Export House by the Ministry of Commerce, Govt. of India.

Pioneering the export of critical Railway Steel Castings to the USSR, we have recently finalised a bulk export order for Castings to the same country.

Discerning buyers in Europe, USA, Canada and Japan have identified our Bamunari Plant as a continuous source of the finest world-quality Castings.

Our Tiljala Plant has an enviable track record of exports of Railway Turnouts. After meeting several commitments in the Middle East, Egypt, Bangladesh, Srilanka and Africa, we have won yet another coveted export assignment.

Our participation in World Bank funded Railway Projects in Asia and Africa has opened the opportunity for sizeable exports of Wagons from the Santragachi Plant.

HDC

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PRESSMAN

by a company that has seen precious little of late. As the cola wars hot up again, Coke's main asset, its billion-dollar image, has lost some of its lustre.

So far Coke has held its 41% share of the American soft-drink market against the much snazzier advertising and promotional campaigns of Pepsi, its biggest rival, which has a 33% market-share. But Coke has begun to slip in the important supermarket business, where customers have a choice of what to buy (as opposed to, say, fast-food restaurants, where Coke dominates). More worryingly, a series of dull, sometimes disastrous, promotions and advertising campaigns have blurred consumers' perceptions of Coke, while Pepsi's recent efforts have been resoundingly successful.

While Coke's advertising has sometimes been vague and themeless, Pepsi's commercials have been among the sharpest and cleverest on television

In the past it has been easier for Coca-Cola to ignore such criticism. With the American soft-drink market growing at 4-5% a year during most of the eighties, both companies were able to increase their profits without eating into one another's overall marketshare. But in the past two years the soft-drink market has gone flat, growing at barely 1% a year. And colas are doing even worse, falling from 75% to 70% of the 48 gallons of fizzy syrup-water drunk by the average American each year. No one expects the market to grow in the near future.

Slashing prices. Making matters worse for producers is the vicious price-cutting in the soft-drink market. Between coupons and promotions, consumers can now find six-packs of either Coke or Pepsi for as little as 59 cents during a holiday weekend — less than it costs to produce and ship them. With little further scope for slashing prices, both companies are concentrating more than ever on marketing, especially to the crucial market of 12-24-year-olds. It is here that the cola cognoscenti agree that Coke is having trouble.

That view is apparently shared, at least in part, by Coca-Cola's bosses. Recent weeks have seen a flurry of conspicuous changes at the normally glacial, secretive company. Theodore Host, an outsider hired to help revamp Coke's image, announced unexpectedly that he was quitting after just 14 months as head of the firm's marketing effort in America. Tellingly, the company allowed Backer Spielvogel Bates, an ad agency, to make a pitch for its core brand's advertising business. That assignment, held by McCann-Erickson for some 30 years, had previously been thought untouchable.



Coke has not pulled off a marketing coup in years. On the contrary, fiascos have earned the company its biggest headlines over the past decade. In 1985 there was the New Coke debacle, in which the company decided to change the secret formula of Coke on the basis of blind taste-tests by consumers. Unfortunately, customers rarely wear blindfolds in the supermarket; perceptions matter. After much humiliation, the old formula was brought back as Classic Coke. Last year the company's $100 million (Rs 250 crore) "MagiCan" promotion had to be cancelled when the cans, from which dollar bills were meant to spring, went wrong. Coke's promotion this summer, giving away pop-music compact-discs to some customers, has been a flop.

While Coke's advertising has sometimes been vague and themeless, Pepsi's commercials have been among the sharpest and cleverest on television. The campaigns have consistently outranked Coke's in consumer-awareness surveys. Most recently, Diet Pepsi's jazzy ads featuring Ray Charles have scored higher than those for any other consumer product.

Because it has always been in second place, Pepsi has been able to take risks with its advertising that Coke would never consider. Pepsi's ad agency, BBDO, pioneered the use of knocking advertising to enhance Pepsi's position as the youthful alternative to Coke ("the choice of a new generation"). In one recent Pepsi ad, a cache of Coke is mistakenly delivered to a university, while cases of Pepsi go to an old people's home. Soon the grannies are dancing about, as the college boys turn geriatric.

Luring celebrities. The advertising of both firms has sometimes seemed little more than an endless parade of celebrities. But whereas Coke's stars have often served little strategic purpose, Pepsi has used its advocates, often the hottest pop stars such as M.C. Hammer, to make itself seem trendier than its rival. Too often this has left Coke looking stuffy. "When we had Michael Jackson," boasts Bill Katz, an adman at BBDO, "they had Julio Iglesias."

Coke's failure to make good use of its celebrities is seen as one of the reasons behind the deal with CAA. In

theory, closer ties with CAA chairman Michael Ovitz, should give Coke an edge in luring stars whom CAA represents, such as Kevin Costner and Tom Cruise.

But Coke could have hired these celebrities — indeed, had already hired some of them — without a special arrangement with CAA. Besides, Ovitz has assured Pepsi that CAA's link with Coke will not limit the availability of its movie-star clients to other firms, which seems to rule out any special access for Coke to CAA's glittering roster.

So what does CAA have to offer Coke? Its main role at Coke seems to be as an oracle of popular culture. Coke's head of global marketing Peter Sealey says that Ovitz "knows what will be hot in music, fashion and sports" in Hollywood at least two years in advance. And because entertainment is global, what is hot in Hollywood will soon be hot everywhere. In its battle with Pepsi for the youth market, says Sealey, CAA will provide insights into ways of making the company's event-marketing, promotions and sponsorships just as hip as those of its competitors.

Such strategies will be aimed especially at western Europe. That is the market both sides see as their next big battleground. Western Europe's soft-drink consumption is just a third, per head, of that in America and is growing by almost 8% a year; colas are growing even faster. Profit margins in Europe are 50% higher than in America. Pepsi intends to invest almost $500 million in its European businesses in the next two years; Coke is pouring millions into marketing at the Barcelona Olympics and the opening of EuroDisneyland.

Coke has always led Pepsi by a mile abroad. Of its $2.2 billion in soft-drink (pre-tax) profits last year (on total soft-drink sales of $8.6 billion), Coke made about 80% outside America; for Pepsi, profits from abroad came to just $93 million of its $767 million total soft-drink profits (on total soft-drink sales of $6.5 billion).

But Europe is one place where Pepsi thinks it can compete successfully with Coke. That is fine with Coke's Sealey: "We both do best when the competition is fierce, so long as it is fair and doesn't try to denigrate the other guy's product through unfair comparisons." If the brutal image wars in America are any guide, Sealey should save his breath. — *The Economist.*

Honda is facing a mid-life crisis.

SLIPPERY ROAD

Crunch time has arrived at Honda, the car-maker once envied for never putting a wheel wrong. A squeeze in its overseas markets — accounting for 68% of sales — has revealed the flab and confusion behind the myth. On 10 September Honda launched the first of its two most important cars of the decade: a completely new Civic. Soon after it announced a brand new version of the second: the more upmarket Prelude. If they fail to excite Japan's jaded motorists, Honda is going to be in an even bigger skid.

Honda's decline is a classic case of a corporate mid-life crisis. Soichiro Honda, the founding genius who died in August, left an indelible mark on the company. His folksy aphorisms about how to run a company (enshrined into a doctrine called "The Honda Way") were fine when Honda was a lean, little motorcycle-maker struggling to break into the car business in the sixties. But they became irrelevant after Honda began counting on the huge and hungry American market for the bulk of its car sales. Besides, having all the firm's top managers share the same open-plan office in Tokyo — with an equal say in all big decisions but no clear lines of responsibility — is no way to run a firm with 32,000 employees, factories in America, Europe and Asia as well as Japan, and total sales of ¥4.2 trillion (Rs 79,800 crore).

Honda's biggest mistake was to let the tail wag the dog. When first launched in 1972, Honda's bread-and-butter Civic offered low-cost motoring with a measure of comfort and zip. Over the years, its styling and engineering have been aimed at mainstream American tastes. That was all right until five years ago. But today's more prosperous markets — especially Japan — are fragmenting into niches with high-spending buyers demanding more flair. The Japanese youngsters who were being counted on to buy Honda's hatchbacks and saloons now think they are frumpy.



THE NS-X: *Rave reviews*

With no hot-selling pick-up trucks or new luxury models to counter those of Toyota, Nissan and Mitsubishi Motors, Honda suffered a half-percentage point loss of marketshare, to 7.3% last year. In America, where the Honda Accord was the bestselling car last year, Honda is about to be overtaken by Toyota.

Profits have tumbled even faster. At ¥76 billion, Honda's worldwide net profit for the year to March 1991 declined more than 6% (domestic profits crashed 12%). Industry watchers reckon Honda will be lucky this year if it earns ¥62 billion, which would represent a further 18% decline.

It is not just frumpiness at home that the company has to worry about. Customers are less impressed by the

To get out of its decline, Honda might even have to abandon its consensus approach to decision-making

quality of its cars, once a big selling point. In the latest customer-satisfaction survey by J.D. Power and Associates, a Californian firm of car-industry consultants, Honda's top-of-the-range Acura brand has fallen behind more luxurious models such as Nissan's Infiniti, Toyota's Lexus and Mercedes Benz.

The gameplan. What is to be done? Honda's new president, Nobuhiko Kawamoto, wants to make the firm more like other motor manufacturers, with a top-down management style — even if that means abandoning the consensus approach to making decisions. He has also decreed that senior managers can have private offices. Kawamoto and his two executive vice-presidents, Shoichiro Irimajiri and Yoshihide Munekuni, now form a powerful troika. Since March they have split the company into three autonomous groups — cars, motorcycles, and other products (mainly marine engines and lawnmowers). Kawamoto has overall responsibility for all three, but he is concentrating on cars. Munekuni is the sales overlord, and Irimajiri is in charge of R&D and new-product development.

Irimajiri's job is the most challenging. Before the new Civic and Prelude, many Honda models have been eccentric, to say the least. Honda's ¥8.5 million NS-X sports car got rave reviews and the company has been unable to turn them out fast enough. But the aluminium supercar is little more than a prestigious head-turner; it will not pay the bills. At the other extreme is the dinky little Honda Beat, Japan's first micro-sportscar. Demand for it also outstrips supply. But Japan's unique micro-car market (with engines under 660 cc) is one of the most cut-throat in the car business, and it has just lost its sole reason for existence: exemption from crowded Japan's super-stringent parking restrictions.

Irimajiri is going to have to come up with some nifty new designs. But the problem is cash. Honda's operating margins have slipped badly and the competition in America is now awesome. A crippling price war has forced Honda to break its vow never to give rebates. And because Honda was the first Japanese car-maker to manufacture in America, its factories there are ageing and need to be upgraded. In America, predicts Stephen Marvin, an analyst with Jardine Fleming in Tokyo, "Honda can never re-attain the profitability it once boasted."

Worse is to come. Honda has to find ¥90 billion before next March, when a chunk of its warrant bonds have to be redeemed. The bonds were issued four years ago when Honda's share price was over ¥2,000 (compared with the current level of around ¥1,400). Unless the stockmarket miraculously recovers, investors are not going to exercise their option to convert the warrants into shares. Honda will have to prune its R&D and capital-investment budgets to help repay the unexercised bonds. A likely victim is Honda's winning Formula-I racing team. Pulling out of the glamorous Grand Prix circuit — especially after setting so many records — would be disappointing. But it would be just one indication of how far Honda has gone astray. — *The Economist.*

Japanese car-makers are now selling parking space.

CASHING IN ON CONGESTION

Ever wondered what the car industry will do when roads become so congested that there is no longer enough room to squeeze in any more cars? That is what is starting to happen in Japan, where car-makers are moving into the car-parking business and building special driving courses where motorists can go to escape the country's ubiquitous traffic jams.

The impetus has come from tough new parking rules, backed up by hefty fines, that came into force this summer. In order to register a car in Japan, the owner must have somewhere to park it. The new rules require a sticker to be displayed to prove the owner has a parking space at home or near the office. But parking a car in Japan is expensive. Spaces in some residential areas in Tokyo can cost as much as ¥230,000 (Rs 66,700) a month.

To help persuade households to buy a second car, some of Japan's car-makers have moved into the business of selling machines which make double-tier parking possible. These allow two cars to share the same parking space. They work like a lift. The driver parks his first car on a platform, then flicks a switch which raises the platform to allow a second car to be parked underneath.

Toyota now sells six such devices, costing between ¥1.3 million and ¥1.7 million each. Honda has set up a subsidiary that not only sells home-parking equipment, but also manages car parks and provides information on the availability of parking spaces for car buyers. Nissan even offers a home-parking machine that lowers cars into a pit below the ground.

Nissan has also opened a "mobility park" 140 km outside Tokyo. This provides buyers of four-wheel drive vehicles somewhere to get their tyres dirty. The park provides instructors and a variety of off-road courses, ranging from a beginner's trail to an advanced course for more experienced off-roaders. For those who have never driven through anything tougher than the Ginza on a Friday evening, an ambulance is on standby. — *The Economist.*



NEWS BRIEFS

■ Aircraft engine manufacturer **Rolls Royce** has bagged a $250 million order for new engines from Thai Airways. However, it may lose a $150 million order from Air India for the supply of 20 engines which the latter ordered over a year ago, says *Financial Times*. Air India has invited fresh bids from General Electric and Pratt & Whitney of the US, says the report.

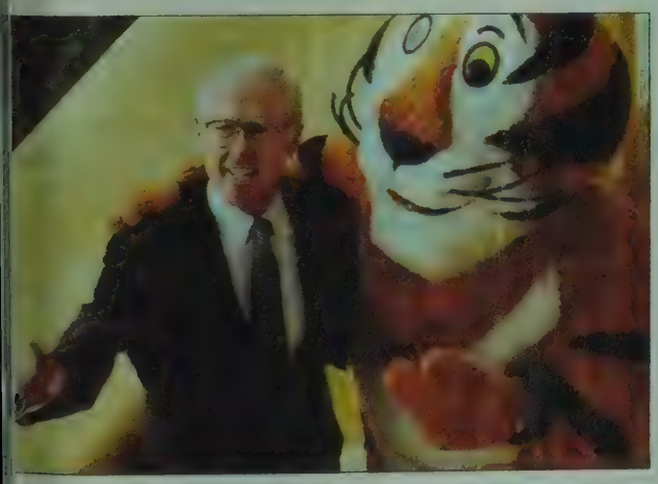
■ The **Rover** group, the motor vehicles arm of British Aerospace (BAe), has signed an agreement with Iran for setting up car assembly plants in that country to produce the Metro, the Rover 800 and the Land Rover Discovery. The joint venture is to be called BonRover.

■ Two Brazilian airlines, **Vasp** and **Trans-Brasil**, plan to merge in a move that could create the largest carrier in Brazil, with a 56% share of the domestic market. Varig, currently the largest Brazilian airline, controls the rest of the market.

■ Dissatisfied with the style of functioning of its South Korean partner **Daewoo**, General Motors (**GM**) of the US is moving to break up its 15-year-old joint venture for car manufacture with the latter, according to *Financial Times*. GM is reported to have requested the South Korean government for an arrangement to form a new joint venture with another local company.

■ **Kellogg's** chief William LaMothe has now set his sights on the Soviet Union. His company, in a joint venture with a private employee-owned company Adazi, is to set up a ready-to-eat cereal-manufacturing facility at Riga (Latvia). The plant is expected to go on stream by 1993.

LAMOTHE: *USSR bound*



■ **Hyundai Petrochemical**, a subsidiary of the Hyundai group, one of South Korea's largest conglomerates, is moving into the production of synthetic rubber through a technology transfer agreement with US tyre company Goodyear.

■ French food group **BSN** is reported to be considering buying Pycasa, a European subsidiary of US food giant General Mills. With this purchase, BSN plans to expand its interests in prepared food.

■ **Lloyds Chemists** is set to take over McCarthy, a chain of chemist shops in the UK, for $140 million. With this purchase, the number of shops owned by Lloyds will go up to 810, thereby taking it a little closer to leader Boots, which owns 1,069 shops. Meanwhile, Unichem's bid to take over McCarthy has been referred to the Monopolies & Mergers Commission.

■ Following an announcement by Searle that it would acquire a 12.25% stake in the Tokyo-based Hokuriku Seiyaku, American Home Products (**AHP**) too is making its moves. It is setting up a joint venture named Wyeth-Eisai in partnership with the Tokyo-based Eisai.

■ **Beazer plc**, the troubled British home-building and construction-materials company, in a bid to raise cash, has sold its 50.2% stake in a Hongkong construction unit to Bilfinger & Berger Bau (**BBB**) of Germany. The German company, with this acquisition, is seeking to expand its presence in Asia.

■ Australian Independent Newspapers (**AIN**), a consortium of leading Australian institutions, appears to have lost ground in its bid for the control of the Fairfax media group after a government committee voted to relax the proposed rules on foreign ownership.

Fairfax, which publishes the *Sydney Morning Herald*, *Financial Review* and (Melbourne) *Age*, was put into receivership by its bank in December after failing to meet interest payments on a debt of A$1.3 billion.

■ Weak natural gas prices and the US recession have forced US company **Phillips Petroleum** to draw up plans to sell $500 million of assets by the end of 1993. The Bartlesville (Oklahoma)-based company has already sold or put on sale three oil tankers, a Utah refinery, an interest in a pipeline and a small plastics business.



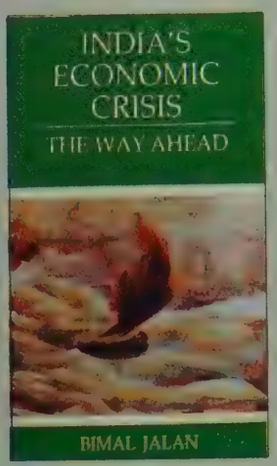
REED: *Considering selling Italian operations*

■ **Citicorp** chief John Reed, in a bid to strengthen his bank's capital base, is considering selling its 46-branch Italian banking subsidiary for $300 million. Talks have already been held with two prospective buyers — Deutsche Bank and Banco Ambrosiano Veneto.

■ German luxury sports car-maker **Porsche** has reasserted its desire to stay independent following speculation that Mercedes-Benz or Volkswagen might be interested in buying a stake in the company, according to *Financial Times*. The report also says that Porsche's R&D director Ulrich Bez was resigning over the company's problems in motor-racing.

AN EYE-OPENER

(By Bimal Jalan; Oxford University Press, 1991; pp 251; Rs 250.)



Bimal Jalan's recently published book on the future direction of India's economic policy is being much talked about in industry circles. A cross-section of industry captains confirms they possess a copy each, not a few aver they have read the book. In the latter number is counted R.P. Goenka, who was impressed enough to write the following review. To add to the healthy ongoing debate on India's economic reforms, and to complement last fortnight's comment on Jalan's book penned by Ficci secretary-general D.H. Pai-Panandiker, BusinessWorld *is pleased to make an exception and carry a second review.*

In today's context, Bimal Jalan's book *India's Economic Crisis: The Way Ahead* makes an interesting study. For research scholars this book will be of tremendous help.

After reading the book it becomes clear how perceptive our planners in the fifties were under Pandit Nehru. They had observed that the administrative machinery had been strained and, at many points in the structure, the available personnel were not adequate in quality and numbers. It was also lucid in recognising that the expansion of administrative responsibilities was itself an important cause of inefficiency and delay. This process continued and what is surprising is that in recent years neither politicians nor bureaucrats gave serious consideration to the malady. They did not take bold steps to correct the situation. Although the priorities were clear, the instruments chosen were not right. According to Jalan and rightly so, a closer harmonisation between macroeconomic policies and the country's priorities would have yielded better development results.

Savings potential. Bimal Jalan rightly touches the question of population control and literacy rate in the country. After the mid-seventies experience, anyone who talked about population control became unpopular. We could have learnt a lesson or two from China in this regard.

Jalan deals adequately with how savings were mobilised and each and every one felt happy that the savings percentage to the gross domestic product (GDP) was among the highest in the world. No one paid adequate attention to the vast potentiality of savings in India. Currently mutual funds have Rs 17,000 crore deposits with them. From where has it come? More can come. This is the potentiality which is being mentioned.

The book is an eye-opener and it re-emphasises how essential it became to introduce reforms and remove controls as announced by Manmohan Singh. Every one would agree with Jalan's quotation taken from another book:

"And — strange irony — the mutinies were not to be wished away. They were part of the beginning of a new way for many millions, part of India's growth, part of its restoration."

Jalan's book will be of great help and assistance to everyone who wishes to understand India's economic problems and appreciate the remedial measures which the government has taken recently.

□ R.P. Goenka

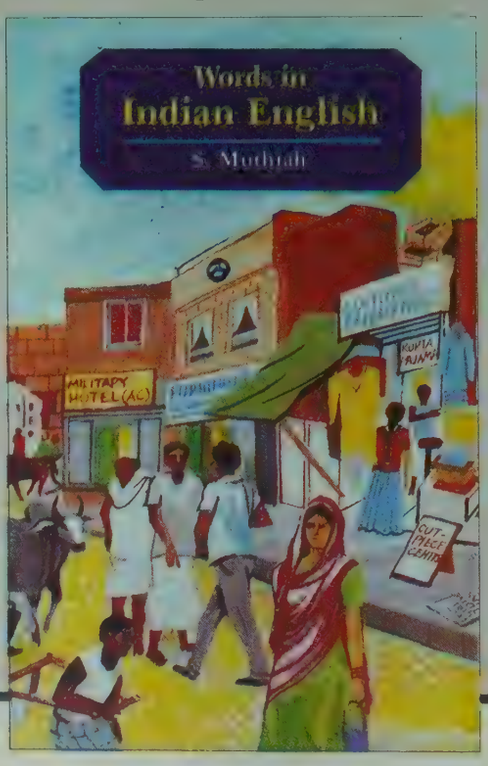
Goenka is patriarch of the Rs 2,143 crore turnover RPG group.

FAILS TO IMPRESS

(By S. Muthiah; published by HarperCollins India, New Delhi, 1991; pp 185; Rs 55.)

As one of the first imprints from the Rupa-HarperCollins tieup brandnamed Indus, this book is a disappointment.

One has no quarrel, of course, with its *raison d'etre*: a compilation of 'Indian English' words to guide readers through the idiosyncratic vocabulary of the language as spoken and written on this subcontinent. However, in his attempt to simplify the explanations ("I have given the simplest and commonest meanings for each, shorn of all background frills"), journalist-turned-author Muthiah's text is so lean as to be almost skeletal. It singularly fails to impart the feel and flavour, magic and mystery of the 'Indian English' heritage — and the contrast with *Hobson-Jobson* cannot be ignored.



Etymological errors. Unfortunately, some meanings are either inappropriate or misleading. Random examples: *baba* is described only as 'an elder, also a child' and not as 'father'; *cheetah* is held as an extinct species; *dickey* ('boot of a vehicle') is a proper English word; *gecko* owes its origin to Malay; neither is *tapioca* of subcontinental origin, common though this tuber might be in south India. If etymology had been touched upon, some of these errors might have been avoided.

The absence of any guide to pronounciation and/or accent makes this book particularly inadequate for visitors from overseas. There is no way a foreigner can get a clue as to how, say, *khabar* or *lokayukta* ought to be pronounced.

Muthiah admits in his preface that the list is limited and preliminary, and promises a "future edition" containing a more comprehensive listing of local words. Perhaps this next edition, as and when and if it comes, will be worth recommending to expatriates in India and would-be-expatriates heading for these parts. For now, the present work is worth, at best, a casual browse.

AN EVOCATIVE BOOK

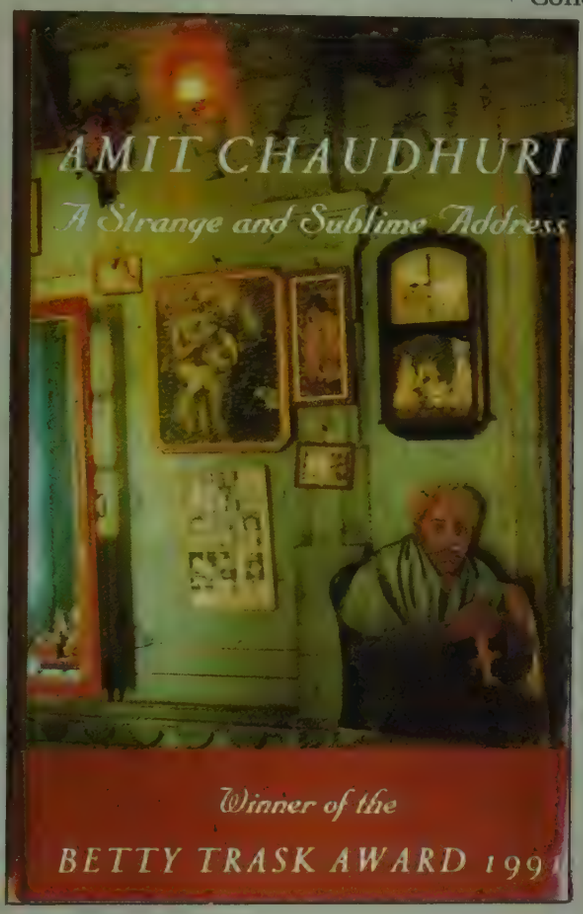
(By Amit Chaudhuri; Heinemann, London, 1991; pp 209; £13.99.)

Salman Rushdie, Vikram Seth, Upamanyu Chatterjee, Amitav Ghosh — and now Amit Chaudhuri. To the charmed club of celebrity Indian authors of fiction published overseas is added a new member from the summer of '91.

Chaudhuri's delightful first work — consisting of a novella, which gives this book its title, and nine accompanying short stories — was released in June and promptly won him the coveted £10,000 Betty Trask Award 1991 from the Society of Authors. (It is given each year to a writer under the age of 35 for the first novel.)

The novel is unique because there is no story and no plot. A 10-year-old boy Sandeep has come to Calcutta from Bombay to spend a holiday at his uncle's place: the everyday scenes thereafter make up this book. A perceptive and sensitive observer, Sandeep is "caught up in jotting down the irrelevance and digressions that make up lives, and the life of a city, rather than a good story — till the reader would shout 'Come to the point!' — and there would be no point... The 'real' story, with its beginning, middle and conclusion, would never be told, because it does not exist."

Delicate writing. Chaudhuri unveils this non-existent story with great felicity. His writing is evocative and delicate, never strained. Take this description of a common vegetable market: "On parallel rows of raised platforms, the vendors sat and harangued and cajoled and lovingly seduced the customers who passed critically through the little lanes in between." Or of Sandeep's elders in common conversation, "all managing to speak at the top of their voices without ever making a moment of sense — you would think they were having a violent brawl, or quarelling vehemently... And, indeed, they were engaged in an endless argument (about what, they did not know) beneath which ran a glowing undercurrent of agreement in which they silently said 'Yes' to each other."



Simple as these words seem, they didn't come easy. Chaudhuri, now 29, took all of two years to write this book. (In the exclusive piece alongside he describes some of the joys and woes of budding authorship.) Right now, apart from writing his D. Phil thesis at Oxford, he is working on a second novel. Therefore, we are certain to hear of him again before long.

FIRST IMPRESSIONS

Currently vacationing from Oxford with his parents in Calcutta, Chaudhuri took some moments off at BusinessWorld's *special request to write down this first-hand impressionistic piece on his experience of maiden authorhood.*

"Dan Jacobson, the novelist, was my tutor in my final year at University College, London, and besides being a friend with whom I had long discussions and warm disagreements, he was also an attentive and encouraging reader of my essays. Though I had only written poetry till then, it slowly occurred to me that I might be able to write prose and use it to say things I wanted to say.

"What did I want to say? All the most noble emotions had already been written about. My most original thoughts, when I looked at them closely, turned out to be second hand. Only the physical fact of my being in the world, my habitation in a body that temporarily enjoyed itself, eating, smelling, touching, sleeping, only this seemed never to have happened before and was certain never to happen again.

"Living, in the most mundane and material sense of the word, was the only thing that I did uniquely, in a way that could not be counterfeited or imitated exactly by anyone else. I began writing the novel, thus, with the idea of putting the most basic sensations that I loved into words, and it seemed, paradoxically, quite an ambitious thing to do.

"Living in the grey and cold weather of England, in a room with closed windows, made me realise one thing — that I love sunlight, and the world that it creates, of open windows, of sounds and noises coming into the room like guests, of chatter and slow gossip in the streets. In England, the cold discourages people from gathering outdoors, and thus there is no streetlife.

"I decided to write a novel into which I would put, as into a magical box, all these things — sunlight, open windows, the noise of people talking."

Chandrakant Garware

PAINT PATRIARCH

You'd expect the chairman of a paints company to know his greens from his blues. But Chandrakant Balchandra Garware has a terrible secret: "I think I'm a little colour-blind." Which makes you wonder at his next disclosure, made with obvious pride: "I'm probably the only chairman in this industry who can make dye with his own hands."



The late Balchandra Digambar Garware left his four sons with no doubts about where their collective future lay. Says Chandrakant: "It was deeply ingrained in us, right from the beginning, that we would join the family business." At that time, the "business" consisted of one small toolroom, with three moulding and seven extrusion machines.

Not exactly the sort of setup a UK-educated sophisticate readily identified with — Chandrakant was packed off to London's Dolwich College at age 11 and he remained in Britain for nearly a decade, finishing with a two-year course in plastic technology at Burrough's Polytechnic — and certainly not an appealing prospect for somebody who'd just completed working stints in Germany and Japan. But Chandrakant took it with equanimity.

Today, that small family concern has grown to encompass a business empire and B.D. Garware's sons are industrialists in their own right. Chandrakant is the chairman of Garware Paints; his elder brother Shashikant is in charge of Garware Plastics & Polyester; and younger brothers Ashok and Ramesh rule the roost at Garware Nylons and Garware Wall Ropes respectively.

Comfortably ensconced in his Churchgate (Bombay) office, Chandrakant looks back at his early experiences on the job, with more than a modicum of nostalgia. The year was 1954. He was 19 years old. Dressed in khaki shirt and trousers, he arrived at his father's factory at 7.45 one morning, ready to work on the shopfloor. "The workers were rather surprised," he recollects. "They kept hanging around me, making sure that I, the bada sahab's son, didn't get hurt." Further surprises were in store for the workers; the London-returned youngster joined them for tea and lunch instead of driving out to a fancy restaurant. Needless to say, Garware soon won their respect. But, he admits somewhat ruefully, "I was never 'one of them'...They never viewed me with suspicion, but I was always the boss' son."

WITH WIFE ANITA & DOG: *Best friends*



Equally vivid is his recollection of his first crisis. His father had made a commitment to Colgate for toothbrush containers. When Colgate asked for samples, work had not even begun at the factory. It was a very important contract at that time — one the Garwares could ill afford to lose. For three days and nights, Chandrakant and his workers stayed at the factory, working round the clock to get the samples ready, "in record time."

He was, despite his education and work experience abroad, still quite a rookie. He knew "not a thing about finance" and had "no idea how to sell a product." But he was willing to put in 24 hours of work a day if necessary and kept an open mind. This last, he believes, is the special attribute that has shaped his success.

His assessment of his own capabilities is modest: "I might not be the best, but I know how to organise my working capital quite well." And he adds, with quiet confidence: "I can run any company ... I can turn around any sick company."

Age has not shut his mind to new developments; his curiosity is undiminished. When he acquired his first PC a few years back, he hired a private tutor to coach him, two hours a day, for six weeks. Today, he claims to be "fairly up-to-date" with computers.

But his curiosity has also put him into some rather unusual situations. He was holidaying on the coast of France one summer many years ago, when he chanced upon a beach adorned with a lot of nude sunbathers. There were many women moving around in the buff. And Garware felt he had to take a dekko. "So I simply got out of my own clothes and joined them to get a better look," says he.

His recent heart attack has slowed down Garware somewhat, but he won't consider retirement. "I'll work till my dying day. I wouldn't know what to do with myself if I retired."

If it were possible, Garware would have loved to be Alexander the Great. "He conquered the world at 18! Isn't that fantastic? That man must have been quite something."

On a more serious note, Garware

says that apart from his father the two people who have had a deep influence on his thinking and career were Battenfield, a gentleman with whom he had business dealings, and Takigawa of Takigawa Chemicals in Japan under whom he worked as an apprentice for some time.

Battenfield, Garware remembers, dedicated his life to his business, worked day and night and built his entire business from scratch. Inspired greatly, the young Garware would dream of becoming like him. "That man had something really great in him," says Garware. "His workers used to call him 'our little God' and he made me wish I too could have a mini empire of my own."

Takigawa, explains Garware, had inherited a small business from his father and made it an astounding success. But he never lost his simplicity or his generosity.

"These are people who *build* industries, not just buy factories and then pay managers to run them. For such people, their industries are like their children." He then adds in a note of resignation: "In my family, we run our own business...but perhaps with time this will also change." His sons, Jaideep (27) and Nihal (24), he says, don't share all his views; they prefer to let the managers run their companies. "Perhaps my approach is wrong, or maybe it's just that times are changing."

He also differs with his wife Anita on various matters, but that doesn't seem to have hurt their marriage. He was 26 and she 19 when they first met. Garware was introduced to Anita (maiden name Sheila Maluste) at a club by his parents. Cupid was obviously in the vicinity, because the two fell in love at once.

But you never saw a more unlikely pair. Garware hates reading; Anita is an avid reader. Garware's favourite pastime is watching television and video; Anita rarely sits in front of the idiot box. Garware likes modern furniture; Anita's taste veers towards the traditional. Garware loves Bombay and its fast pace; Anita would rather stay in their bungalow in Pune. She is fond of art; he is something of a philistine. "Once when I was away from home, in the hospital for an appendix operation, he almost threw out my collection of miniature paintings," recollects Anita. She adds, with a shudder: "That would have certainly killed me, if the operation didn't."

According to his wife, Garware's only hobby is his work. But she doesn't complain. "I'm not jealous of his business. After all it's only work — not another woman."

Garware does make sure his Sundays are kept free for the family. And he tries to take a two-week vacation with his wife and kids, though his grown-up sons now think it "square" to go holidaying with their parents.

Garware doesn't deny that he and his sons differ on a number of issues, but insists they share a "very close relationship." How close? "Well, we watch blue films together!"

He is in two minds about his performance as a parent. "I'm a very good father," he says, but pauses to ponder before admitting: "Actually, I've spoilt my children. And I'm quite sure that they'd agree that I should have been more strict with them."

Both Jaideep and Nihal have joined the family business. While Jaideep looks after Garware Supermarkets, Nihal is in charge of three private limited companies. There was never any pressure on them regarding their choice of a career, says the indulgent father. "I didn't even insist that they return to India," says he, referring to the period they were abroad studying.

Like Garware, Jaideep and Nihal were educated in London. But he isn't sure he did the right thing sending them there. "I can't say I like the concept of boarding schools. I feel children should be with their parents."

After a busy day at work Garware likes to relax watching television (cable TV, CNN and Star programmes) and films on video (Madhuri Dixit is his favourite heroine).

In his younger days, he was quite a sports enthusiast; his interests spanning from squash, cricket, tennis and swimming to weight-lifting, shooting and golf. These days, however, Garware has time only for the last two. He confesses to being "very fond of eating and drinking" (*aloo parathas* and whisky are his favourites). But, after his heart attack, he has had to cut down on both.



WITH SONS JAIDEEP (R) & NIHAL: *Some blues*



WITH PARROT ALI: *Straight talker*

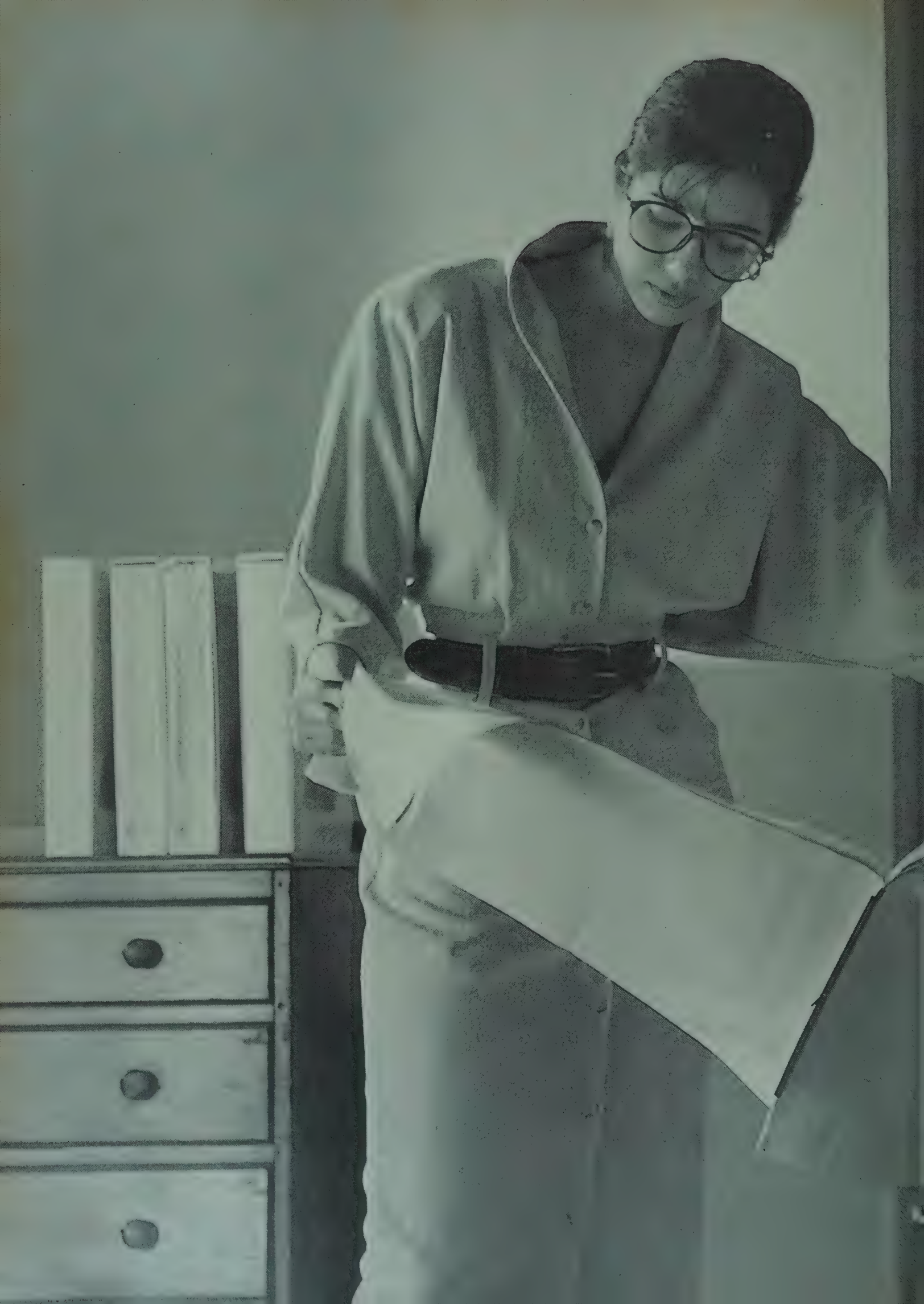
SOFT CORNERS

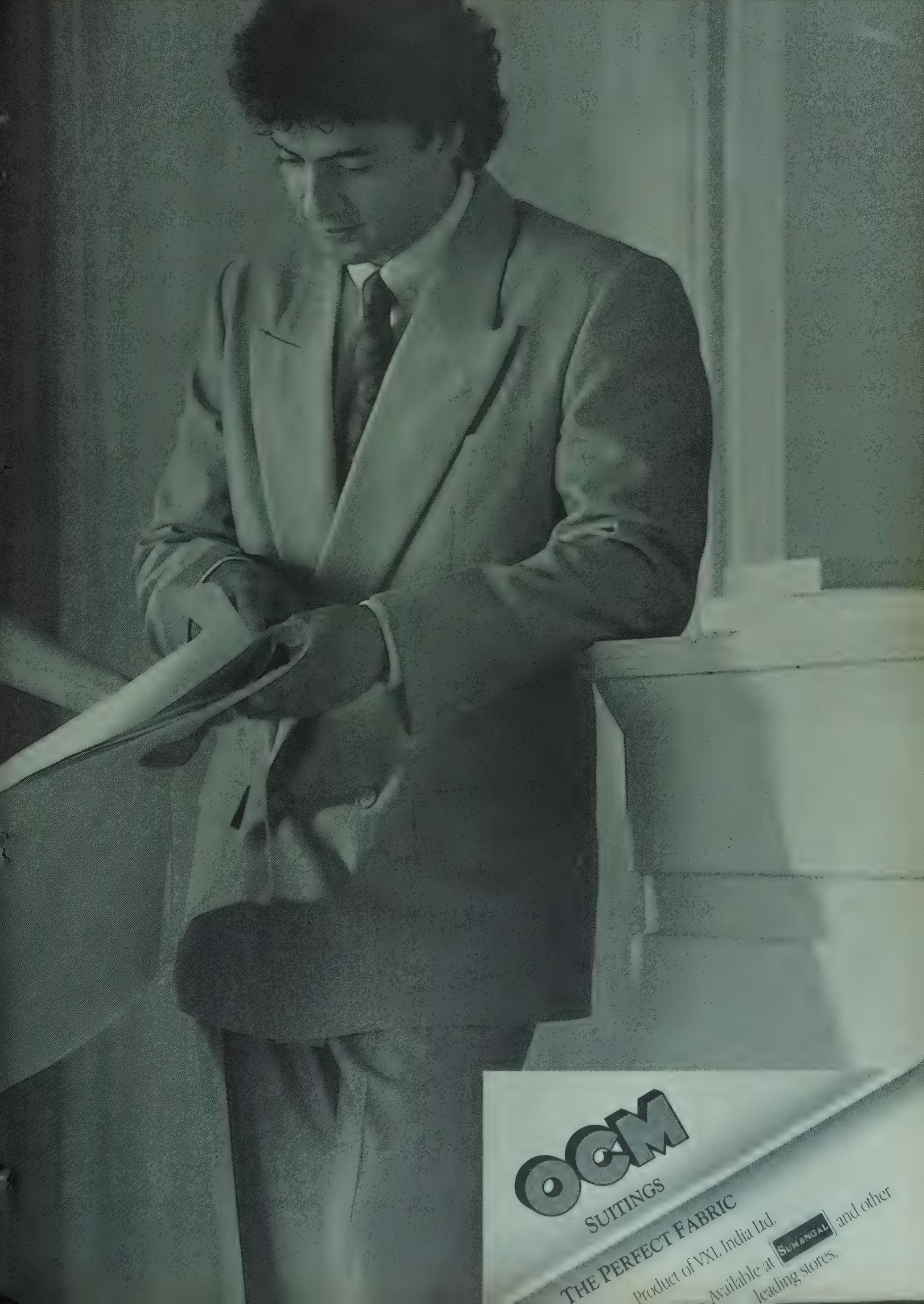
An animal-lover, Garware has a boxer named Tyson and a parrot called Ali. At his Thane factory, he has two horses and two donkeys! The Society for Prevention of Cruelty to Animals, he explains, once asked him if he would be willing to offer a home to the horses. He agreed. And when he found that the Society also had two donkeys which nobody else wanted, he decided to keep them too!

Garware would also like to do his bit for the people of this country, and his way of contributing, he explains, is to build more factories and give employment to more people. "God has given me enough. I have no greed for money," says he adding that he has "no intentions of joining politics" either.

"I have a very cheerful disposition to life. Even if the world were to crash down I would still be optimistic," says Garware."Of course, life has had its ups and downs, but I have no regrets."

□ Meenu Shekar




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TRIPARTITE BATTLE

The tripartite battle between Hari Shankar Singhania, L.M. Thapar and G.P. Goenka for Sree Rayalaseema Paper Mills, being fought before the Board for Industrial & Financial Reconstruction (BIFR) bench in New Delhi, has taken an interesting turn.

The bench has asked the three bidders to submit their respective cash-flow statements to substantiate their ability to honour the financial commitments being made by them in their bids. (JK Industries' package is for Rs 125 crore, Ballarpur's for Rs 90 crore, and Duncans' for Rs 70 crore.) However, the JK bid is tied in knots because it declares that Orissa Synthetics is not a 'group' company; unfortunately for JK, the BIFR bench promptly applied the same logic and ruled that in that case, neither is Straw Products a sister company to JK Industries. Accordingly, JK Industries will have to independently establish its ability to drum up Rs 125 crore on its own steam.

Incidentally, the financial institutions and banks have put a spoke in the wheel by insisting that their sticky advances to Rayalaseema (of the order of Rs 100 crore) be settled at one shot.

At the hearing in mid-November next, Rayalaseema's fate could well be determined by a toss-up between Thapar and Goenka.

SHIFTING BASE

Although Manu Chhabria will stoutly deny, for environmental reasons, that he is losing interest in keeping Calcutta as his headquarters, there are significant pointers to this end.

In a quiet move some time ago, Shaw Wallace's executive director Jolly Bhargava, the go-getting head of the company's money-spinning liquor division, was transferred from Calcutta to Bombay. At first sight, this is somewhat odd. After all, Wallace House in Calcutta is very much the head office of Chhabria's flagship, and it needs some lateral thinking to figure out why the liquor division boss should be based in Bombay. Unless Bombay's proximity to Chhabria's home base in Dubai is counted as a material factor.

Incidentally, as reported in these columns earlier, Shaw Wallace's recently begun third liquor division (L-III) headed by U.K. Ganguly is also headquartered in Bombay. With L-II operating out of New Delhi, this means that Shaw Wallace's liquor business is no longer being supervised from Calcutta now.

SWEET FORAY

A spot of reorganisation is on at Britannia Industries at the moment, partly as a follow-up of the management's strategic decision to diversify into chocolates.

India's briskly expanding Rs 200 crore-plus per annum chocolates market is, of course, a familiar hunting ground for multinationals. Cadbury and Nestle are bitter rivals in the national market, with Amul giving them company. If Britannia enters the fray, it could well trigger off an exciting market war. Britannia's 20% shareholder BSN Groupe of Paris has considerable hands-on experience in the confectionery industry, and chocolates are a natural brand and product line extension anyway for the Indian company.

According to reliable reports, Britannia's operations will be divisionalised into biscuits, bakery products, chocolates and exports. Meanwhile, the virtues of management by objectives (MBO) are being drilled into the executive cadres, even as a more result-oriented work culture is sought to be inculcated amongst the latter.

STEEL PLANS

An ostensibly-closely guarded secret at Writers Building, seat of West Bengal's Left Front government, is the blueprint of a brand new steel plant at Kharagpur for which chief minister Jyoti Basu is very keen to find a taker.

Several Calcutta-based industrialists have been privately sounded out by both the Left Front top brass (including Basu himself) and the state government bureaucrats. Unfortunately, few have evidenced overt enthusiasm for this Rs 1,200 crore proposal.

At the present moment, the best bet seems to be Swraj Paul, who has been waxing eloquent lately about his



PAUL: *Greenfield venture*

commitment to West Bengal and his interest in the steel sector. Last month, during Basu's holiday in London, he had a meal with Paul — and the chances are their shop talk included the Kharagpur project. So don't be surprised if Paul opts for the Kharagpur greenfield steel unit rather than the takeover of the ailing Indian Iron & Steel Co (Iisco) at Burnpur.

THE SPECIALITY TACK

After its Nike disaster, pharmaceutical manufacturer Burroughs Wellcome (India) withdrew into its shell. While other drug companies were busy diversifying to escape the straitjacket of price controls, Burroughs Wellcome stuck to the knitting. And, despite the fact that it has an array of licences for products such as talcum powder and toilet soap, there are not going to be any consumer product forays.

The company is, however, thinking diversification. It is going into an "allied line" — speciality chemicals. It is now shopping around for technology from a foreign major and a deal should be struck in a couple of months.



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ENVIRONMENT LAWS: NO GREEN EDGE?

BusinessWorld

THE MAGAZINE FOR INDIAN BUSINESS

C. F. T. R. I., MYSORE



EDUCATION SPECIAL



Hindustan Lever chairman S.M. Datta

THE LEVER JUGGERNAUT

On 27 November, Hindustan Lever celebrates its diamond jubilee. Over the past few years it has regained its marketing muscle. The group is going great guns at sixty.



With Swissair to Hong Kong non-stop, Sabira Merchant discovers that even time flies. The lady packs a busy schedule. But Swissair keeps pace, with thrice a week departures from Bombay. Not to mention the additional flights under the Swissair-Singapore Airline Co-operation Agreement to other Far East destinations. Convenient morning departures help Sabira get an early start on her duty-free shopping. Of course, you also have Swissair's other extras like the excursion fare, famed hospitality and punctuality. Now if shopping is your passion don't waste a moment. Like time and Sabira, just fly.

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20 NOV 1991
C.F.T.R.I., MYSORE

BusinessWorld

the magazine for indian business

VOLUME 11 ISSUE 15
6-19 NOVEMBER 1991 RS 10

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Wheatsheaf House, Carmelite Street
Fleet Street, London EC4
Phone: 01-353-1821
Inland Subscription Rates
One Year: Rs 168
Two Years: Rs 336
Three Years: Rs 504

BusinessWorld does not accept responsibility for returning unsolicited manuscripts and photographs.

Printed at Tata Press Ltd, 414, Veer Savarkar Marg, Bombay-400 025 and published from 145 Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400 021, by Ranen Chakravarti on behalf of Ananda Bazar Patrika Ltd.

BUSINESS QUOTES



We're not as stiff-necked as people think we are. ITC is changing.

Outgoing ITC chairman J.N. Sapru on the open corporate culture in the company today, quoted in India Today.

Unchecked bloating of our bureaucracy is sucking in all our money... Is Dr M.M. Singh capable of handling this? In my opinion, the poor man is not.

National Dairy Development Board chairman V. Kurien, quoted in The Economic Times.

It is for us to decide (whether India is attractive). You see, when a woman says she is pretty, you can only pity her. It's only when a man says that is she getting somewhere.

Japanese company Nichimen Corp Indian operations head M. Takao, quoted in Business Standard.

The biggest problem with Indian business is that it is too modest about its own potential.

Non-resident Indian industrialist Gopichand Hinduja, quoted in Sunday Mid-Day.

We are the largest private shareholder in L&T and corporate democracy will prevail sooner or later.

Reliance Industries chairman Dhirubhai Ambani, quoted in Financial Express.

Everyone, including us, realises that Godfrey Phillips India (GPI) cannot knock off ITC in Calcutta... perhaps we can knock them off in 10 years' time.

GPI marketing manager Dipak Basu, quoted in The Times of India.

I have to shed a lot of weight. In fact, I have vowed that this winter I will definitely reduce.

Congress (S) member of parliament K.P. Unnikrishnan, quoted in The Sunday Observer

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MARKETING

THE COMMUNICATION GAP

Corporate communication is a very expensive process. One has thus to get it right first time.

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COMPANY NEWS

BSES: POWERFUL PLANS

Bombay Suburban Electric Supply (BSES) has thus far been in the power distribution business. Chairman & managing director M.L. Shishoo is now taking it into generation also. With the



SHISHOO: *A head-start*

power sector being opened up, there are bright prospects for the future.

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A&M/SPECIAL REPORT

CASHING IN ON COLOUR

Henry Ford offered his customers "a car of any colour, provided it is black." In today's marketplace, however, the consumer is being given a much wider choice. Colour variants are being used to hawk diverse products such as condoms and detergents.



HINDUSTAN LEVER HOUSE & DATTA (INSET): *Celebration time*

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BUSINESS FEATURE

THE LEVER JUGGERNAUT

Consumer product colossus Hindustan Lever is turning 60 later this month. After a few bleak years when it took a drubbing from Nirma in its detergents mainstay, things are looking rosy once again. The company is now flexing its marketing muscle and chairman S.M. Datta is steering it and the Unilever group in India to new horizons.

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MANAGEMENT

LEARNING VIA LAB

Laboratory (lab) or T-group training is a very effective way to improve managers' interpersonal skills. But it has to be used with a certain amount of caution.

InformationWorld

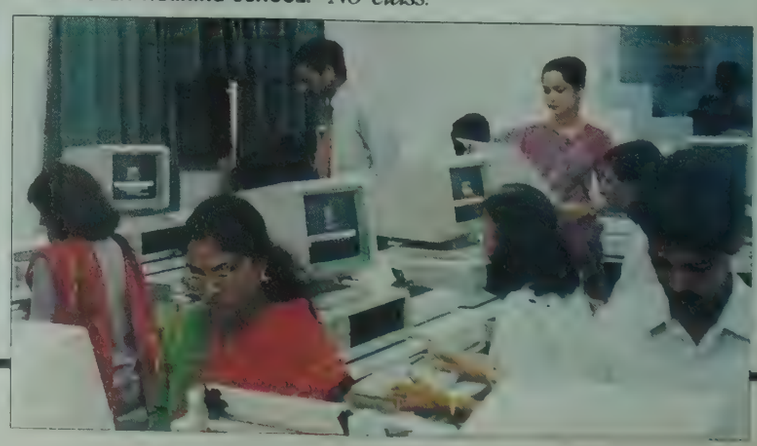
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TRENDS

THE TRAINING MESS

Computer training schools are a dime a dozen these days. But, apart from a few, the fare they offer is pretty pathetic. Their graduates have either to be comprehensively retrained or stagnate as data entry operators. The government is belatedly doing its bit, but the industry has to chip in too.

A COMPUTER TRAINING SCHOOL: *No class?*



29

GETTING INTO THE ACT

A new body — the Association of Computer Trainers (Act) — is being flagged off. Will it just add to the number of industry bodies or end up serving a useful role?

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GUEST COLUMN

COMPANIES NEED EDUCATION

Abroad, the corporate sector contributes in a big way to computer training in schools and colleges. In India, says former CMC managing director P.D. Jain, this is a crying need. But nothing is being done about it.

sWorld

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IN THE NEWS

THE PACE-SETTER



PAIS: *Set for more orders*

Bangalore-based Consolidated Engineering Construction Co (CECC) has just bagged a contract in Bahrain. Partner Wilf Pais sees more orders in the pipeline.

Other In the News items from page 56.

InvestmentWorld

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VIEWPOINT



SUBRAMANIAN: *Predicting an upward trend*

"THE TREND IS HEALTHY"

The stockmarkets may experience some technical corrections but the overall direction will be upwards, says Indian Bank Mutual Fund president S.M. Subramanian.

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BANKING & FINANCE

TAKING OFF IN INDIA

Credit Lyonnais converted its representative office in India into a full-fledged branch just 2 years ago. And it is going great guns. The bank's general manager in India P.A. Muyl's stress on corporate banking has obviously paid dividends.



MUYL: *Creditable show*

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SPOTLIGHT

ENVIRONMENTAL BLUES

No, new minister of state for environment Kamal Nath will not be brandishing the big stick that his high-profile predecessor Maneka Gandhi did. He expects industry to police itself on the environmental score. But, though there is a greater awareness, will industry repay the faith?

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ECONOMY & BUSINESS

COPPER CRISIS

What with the foreign exchange shortage, there is a severe shortage of copper these days. The real crunch is being faced by the cable manufacturing industry.

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CHANGING TRENDS



AN ULTRASOUND MACHINE: *Rush area*

The medical electronic equipment market has attracted a host of players in recent times. The big growth area seems to be in ultrasound.

A POWER PLANT IN DELHI: *Black mark*



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Cover pix: Dhanesh Thakker

He is called the golden boy of Dalal Street. And now this sobriquet has got the stamp of approval from none other than the taxman.

Recently, the income-tax department judged the 32-year-old Nemish Shah as the highest individual taxpayer in Bombay. "While I may have been the biggest individual taxpayer, I am hardly the biggest earner," he says. Now that the Bombay stock exchange has allowed sharebrokers to operate through private limited companies, Shah's tax liability may be considerably pared down the next time around.



SHAH: *Not at all taxing*

"So it's not such a big deal as is made out to be," says the soft-spoken king of the ring. Surprising! But maybe a bull can bear that sort of tax burden with so much calm. Especially if it adds mileage to his image.

It may be Visit India year. So some people are visiting India. But their objective is to woo tourists from here to other countries. The Singapore Tourism Promotion Board (STPB), for instance, is city-hopping, hawking the attractions of the "gateway" to the Asean countries. And one of the pegs they have built their campaign on is incentive travel — the sort of thing companies dish out to their executives as an added perk.

LEONG: *Wooing companies*



"This is the third in the series of promotions and we hope that companies will look at Singapore as an incentive destination," says STPB's director of conventions Kevin Leong. "The response so far has been good."

There are, however, some problems — the limited foreign currency given under the foreign travel scheme for one and the general foreign exchange crisis facing India. There are, no doubt, many who would be willing to swallow the STPB bait, but will they have the moolah to digest it?

He is moving from the wings to centrestage — Morarjee Mills chairman & managing director Ajay Piramal feels that his group of companies has been maintaining a low profile for too long. As part of the exercise, his companies are being given an identity. They will henceforth come under the Piramal Enterprises umbrella and a group logo is currently being designed.

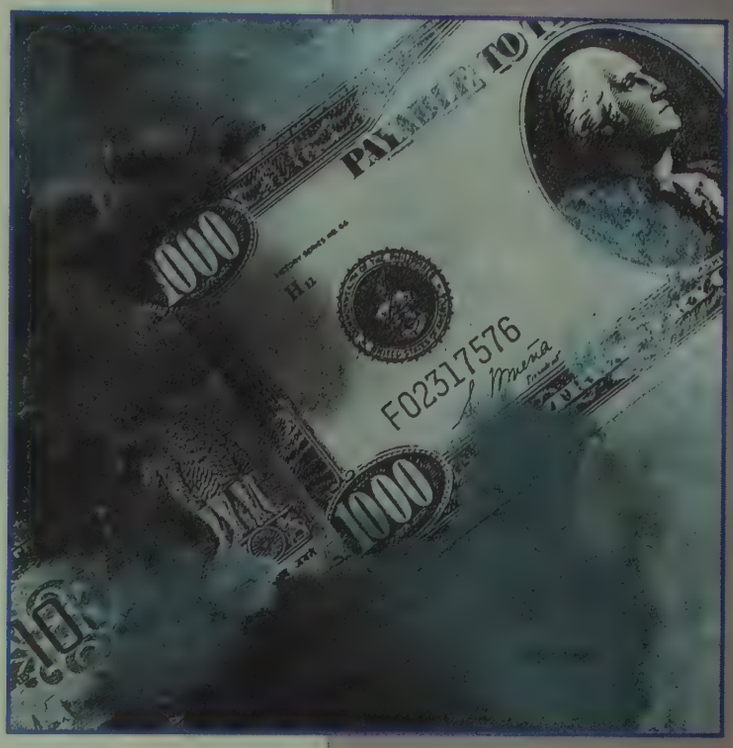
"There are too many Piramal groups around," explains Ajay Piramal. "We felt we needed a separate identity."

And his Rs 365 crore turnover group seems poised to go places. Current expansion and modernisation plans tot up to a hefty Rs 120 crore. There's more coming — a greenfield venture, possibly in the petrochemicals arena. "We are looking at various options and should decide in a couple of months," says Piramal. That should show the Piramal enterprise.



PIRAMAL: *New identity*

WHITE MAGIC?



The proof that New Delhi is currently inhabited by realists rather than moralists is here and now. Through October and November, the Union government is busily pushing its umpteenth 'once-in-a-lifetime immunity scheme' for converting black money into white.

For the first time, the government is actually marketing the scheme; this includes the novel method of sending direct mailers to addressees who figure in comprehensive state-wise lists of black money holders available with enforcement agencies. With the carrot and stick having both failed, it seems seduction and wooing is the only option left to touch the tax evaders' purses!

Yet, being a chartered accountant himself, Union minister of state for finance Rameshwar Thakur surely knows that many concepts — including that of black money or criminality — are merely a matter of definition. These definitions, in turn, are a function of the matrix of statutes which delineate the boundaries of legality.

In India, unfortunately, the web of direct tax laws encompassing income tax, wealth tax and gift tax is so complicated as to be incomprehensible to the ordinary taxpayer. Official statistics indicate that the number of income-tax disputes now pending before various tribunals totals an astounding 2.10 lakh. Paradoxically, untold tens of thousands of crores of rupees are legitimately kept outside the revenue net owing to these disputes. It would be foolish not to simplify tax laws which have led to such an absurdity.

A similar logic holds for the unaccounted wealth kept outside India's borders by her resident citizenry. Thakur himself expects a flow-back of $4 billion under the no-questions-asked remittance scheme. The very fact that a sum of this magnitude should have been secreted over the years by citizens who are otherwise perfectly responsible, honourable and law-abiding means there was a great deal horrendously wrong in the law itself. A law which everyone breaks is a joke, and should be treated as such.

In economics, thankfully, unlike in nature, black can be made white merely by altering definitions. For New Delhi's first, initial, tentative, faltering steps in this general direction, all of us should be truly thankful.

A law which everyone breaks is a joke. It would be foolish not to simplify such laws

TO GET INTO THE GUINN
YOU HAVE TO GO



Udaipur, 19 June 1991:

At precisely 10.12 a.m. two young Indians, Rajendra Singh and Lal Singh, finally completed an amazing feat which has won them a place in the Guinness Book of Records.

In their Tempo Trax, they set the World Record for the "Longest Fuel Range" - driving 2,605 km non-stop, without re-fuelling (and breaking, in the process, the earlier record that had been set by an Australian team in a Toyota Landcruiser in 1990).

In order to set this new record, the two brothe literally had to make a journey through hell. Driv across the blazing deserts of Rajasthan at the ver height of summer. And battling against obstacles like eye-splitting sandstorms, temperatures hitting 45°C, and torturous roads that were covered by anything upto 6ft of shifting, treacherous sands!

It was the ultimate test of man and machine pitted against a hostile environment... and triumphing over it, spectacularly.



Rajendra Singh



Lal Singh

"Frankly, to take on a challenge like this, there was only one vehicle we would trust: the Tempo Trax."



ESS BOOK OF RECORDS, THROUGH HELL.

The amazing vehicle behind the amazing feat

The vehicle the Singh brothers chose to break the World Record with was, of course, a Tempo Trax. It's a unique rough-road vehicle that's been entirely designed, engineered and manufactured by Bajaj Tempo in Pune – a triumph of Indian technology. The Tempo Trax delivers everything you could look for in a rough-road vehicle:

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- Spacious, comfortable, well-furnished interior
- Available with a choice of canvas, PVC and FRP tops
- Comes with the longest warranty of any Indian rough-road vehicle.

* Engine made under licence from Mercedes Benz AG, Germany.



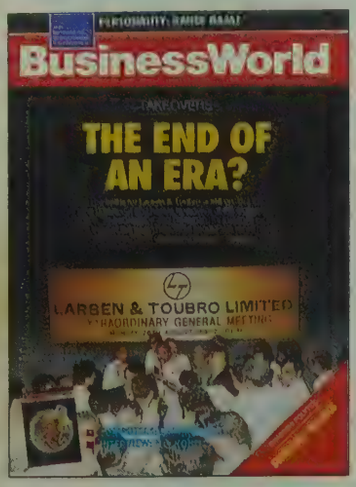
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LETTERS TO THE EDITOR



SAD EPISODE

This refers to the Business Feature 'The end of an era?' (*BW* 11-24 September 1991). Controversy, unparalleled in the past decade, has been sparked off on account of Dhirubhai Ambani's great desire to totally control Larsen & Toubro (L&T). It is one of the saddest things to have happened in corporate circles. L&T, a conservative but professional company, and its highly-motivated employees are the biggest losers in the entire game.

L&T, which has always been cautious in its approach but yet has successfully diversified into different areas, appears to be in rough terrain now.

Whatever the final outcome, the public at large is getting to watch a free *tamasha* — but at whose cost is anybody's guess.

S. Narayanan
Bombay

A CLARIFICATION

This refers to the table 'Major takeovers in recent years' that appeared in the Business Feature 'The end of an era?'

We wish to clarify that Nitin Jobanputra acquired the right to hold 95% of Swastik Surfactants' equity in August 1988 from Ambalal Sarabhai Enterprises. He then sold the right to R.M. Shah or his nominees in December 1988. Since then, Shah — a non-resident Indian industrialist — is in effective control of Swastik Surfactants.

L.M. Lalka
Manager
Swastik Surfactants
Bombay

SOME QUESTIONS

Even at this stage Pepsi chief Ramesh Vangal, who featured in Businesspeople (*BW* 11-24 September), can save a lot of money for the country and his company by answering a couple of questions frankly and briefly. They are:

- What and how much should be exported by Pepsi each year to hard currency countries according to the industrial licence granted to it?
- Without buying export orders from established Indian exporters, what and how much did Pepsi actually export each year to such countries since it went into production?

K.B. Chowdary
Guntur

A SMALL CHANGE

This refers to the Editorial 'A preposterous concept' (*BW* 11-24 September). While there has been a welcome decrease in the amount of red tape and procedures have been simplified, the change in the bureaucracy's attitude has not been adequate.

The latter continues to view the business community with contempt, jealousy and suspicion. The attitude of doing a favour, couldn't care-less demeanour and lethargy remain. Habits die hard, especially when change means loss of power and money.

Bhupendra B. Madhiwalla
Bombay

MORE PRODUCTIVE

This refers to the International News piece 'An 'ill'-fated attitude' (*BW* 11-24 September).

Having worked in Germany for the past three years, I beg to differ with some of the statements made in the article. First, being physically present in an office or working late does not automatically amount to productivity.

The fact is Germans are certainly more productive in their 1,550 hours than Americans in 2,100 hours. Secondly, all over the world, the motivation to work on Friday and especially Friday afternoons is pretty low. The reasons are pretty obvious. Worker satisfaction and work motivation have always been high in Germany. This has been partly attributed to their annual, 6-week vacation.

India can learn a lesson or two on work ethics from the Germans.

K.K. Venkatesan
Madras

NOT NEEDED

The new InformationWorld section on computers that every issue of *BW* has carried since the 14-27 August 1991 issue, is disproportionate to the total equity (Rs 143.55 crore) and sales of the computer industry (Rs 643.29 crore).

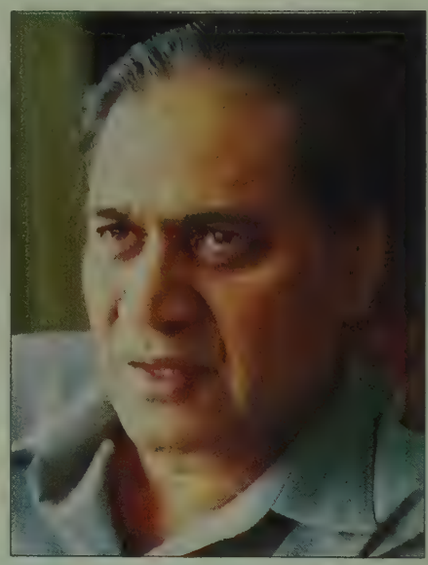
This section blocks pages which could be put to better use by carrying articles on other industries.

A.G. Purohit
Bombay

IMPRESSIVE QUALITY

This refers to the Personality article 'On wheels of success' that featured Rahul Bajaj (*BW* 11-24 September).

Though the article was brief considering Bajaj's personality, the quality of the material was very impressive. Nevertheless, one facet of Bajaj that was not mentioned after he discussed his business tactics, his philosophy and views on the home front, was his tendency to keep a low profile in all walks of life — in business as well as in social life.



BAJAJ: *Keeping a low profile*

However, we Pune-ites have been fortunate enough to see and listen to Bajaj quite often during his tenure as president of the Mahratta Chamber of Commerce. More such profiles of different businessmen and professionals would be welcome.

S.C. Chobe
Pune

AN INSTRUMENT FOR NRIs

H.P. RANINA



The India Development Bonds (IDBs) are bank instruments in the form of promissory notes offered by the State Bank of India (SBI) to individuals of Indian nationality (or origin) residing outside India, overseas corporate bodies (OCBs) and banks acting in a fiduciary capacity on behalf of non-resident Indians (NRIs) and OCBs. The bonds are designed to meet the NRI community's need for a non-rupee denominated deposit which would enable them to invest funds for the development of India.

No income tax on the interest earned on IDBs or wealth tax, irrespective of the residential status of the holder, will be payable in India. The provisions of the Gift-Tax Act 1958 shall not apply where any NRI becomes a resident in India and gifts IDBs. In other words, no gift tax will be payable by a donor who is an NRI/OCB or a bank acting in a fiduciary capacity on behalf of the NRI or OCB or by an NRI who has become a resident Indian, in respect of the gift of IDBs to the first resident Indian donee.

IDBs will continue to be denominated in US dollars till maturity irrespective of the residential status of the holder. However, once the holder of IDBs becomes an Indian resident or the IDBs stand gifted or transferred to a resident Indian or a charitable trust in India, the interest and maturity proceeds of the instrument would be payable in non-repatriable Indian rupees.

IDB holders (the first one in the case of joint holders) can avail of loans in non-repatriable Indian rupees from banks in India in accordance with the guidelines issued by the Reserve Bank of India (RBI) in this regard. Repayment of interest and the principal of such loans shall be either from the interest earned on these IDBs and/or maturity proceeds of the instruments and/or by fresh foreign currency remittances from abroad and/or from balances in foreign currency non-resident(FCNR)/non-resident external accounts.

The government of India has offered that notwithstanding anything contained in the Wealth-Tax Act 1957, Gift-Tax Act 1958, Income-Tax Act 1961, Foreign Exchange Regulation Act 1973 and Foreign Contribution (Regulation) Act 1976 of India:

- No NRIs or OCBs who invest in IDBs, or the first resident donee to whom these IDBs are gifted, shall be required to disclose the nature and source of the investment in IDBs;
- No enquiry or investigation shall be commenced against either the NRIs/OCBs who invest in IDBs or the first resident donee to whom these IDBs are gifted; and
- The fact that any NRI/OCB has invested in IDBs or that a resident Indian donee has received a gift of IDBs from any NRI/OCB shall not be taken into account and shall be inadmissible as evidence in any proceedings relating to any offence or imposition of any penalty under any of the above acts.

IDBs will carry an interest rate of 0.5% above the rate applicable to 3-year FCNR US dollar deposits in India prevailing as on the opening date of the issue, either on a cumulative or a non-cumulative basis at the option of the applicants. The interest on application money at the coupon rate will, irrespective of interest option, be paid in US dollars from the date of receipt of the application.

The interest in the case of cumulative IDBs will be compounded half-yearly and paid along with the principal on maturity. Interest on non-cumulative IDBs will be paid half-yearly, the first payment being made six months after the date of allotment.

The principal amount of the IDBs and the interest earned thereon (last half-yearly interest in the case of non-cumulative IDBs) are payable in US dollars 5 years from the date of allotment if the holder is an NRI/OCB or a bank acting in a fiduciary capacity on behalf of NRIs/OCBs.

Premature encashment of the IDBs is permitted only in non-repatriable Indian rupees. In the case of non-cumulative IDBs, necessary adjustment will be made on account of the interest already paid. No interest will be paid if the IDBs are presented for encashment before the expiry period of 1 year from the date of allotment.

IDBs are transferable by endorsement and delivery. They are freely transferable between NRIs/OCBs or banks acting in a fiduciary capacity on behalf of NRIs/OCBs. IDBs can also be transferred from an NRI to a resident Indian/charitable trust in India in the form of a gift or sale against non-repatriable Indian rupees. IDBs are also transferable among resident Indians.

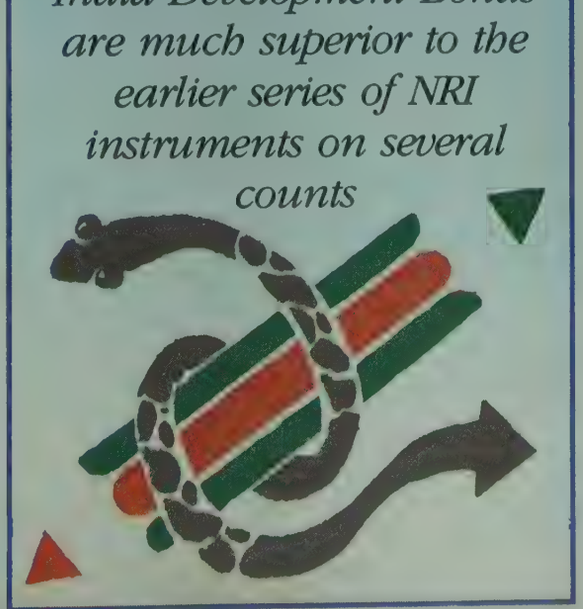
To conclude, IDBs are superior to the earlier series of NRI bonds in these respects:

- Upon maturity of the bonds, NRIs will receive the amount in US dollars together with the interest thereon. Hence, there is immunity from exchange fluctuations.
- Foreign banks are also eligible to subscribe to the bonds on behalf of NRIs and OCBs.
- The donees who receive the bonds up to 30 November 1991 will have complete immunity under all laws and will not be required to disclose the nature and source of the gifts.

Perhaps, the government of India may succeed in mopping up about $750 million and thereby substantially mitigate its dependence on commercial borrowings.

• *The author is a Bombay-based advocate.*

The dollar-denominated India Development Bonds are much superior to the earlier series of NRI instruments on several counts



LEARNING VIA LAB

SUGATO LAHIRY



The conference room wore a very unusual look. The physical setting was no different than that of any other, of which there were perhaps thousands all over the country. Yet, the ambience was palpably different; almost bordering on the alien.

The participants, all of whom were senior management staff of various companies, appeared extremely tense and fidgety although they were trying their best to put up an indignant and slightly unconcerned front. None of them had any papers as the meeting which was in progress had no agenda. Most of them were irritated that the conference leader had done nothing to set the ball rolling save making an opening remark at the outset which was extremely short and lacking in direction. His exact words were: "Here we are. I feel slightly uneasy because I don't know any of you, nor do I have any idea as to what's going to happen in this group. My only reassurance is that we are all in the same boat. So, where do we start?"

This extremely peculiar statement on the part of the conference leader was followed by a painful silence all around which lasted for a full 2 minutes as the participants struggled to find out what was expected of them. Thereafter, a few of the participants tried to bring in a semblance of civility by engaging in small talk. The attempts failed miserably and despite some aggressive provocation by a few outspoken participants, the conference leader maintained a stony silence and refused to give either direction or structure to the meeting.

Laboratory (lab) or T-group training is a very effective way to improve managers' interpersonal skills

It will perhaps be clear by now to the initiated that this is a typical 'T-group' session in progress. T-group training, variously known as sensitivity training and laboratory training, is one of the most significant psychological inventions in the post-World War II era.

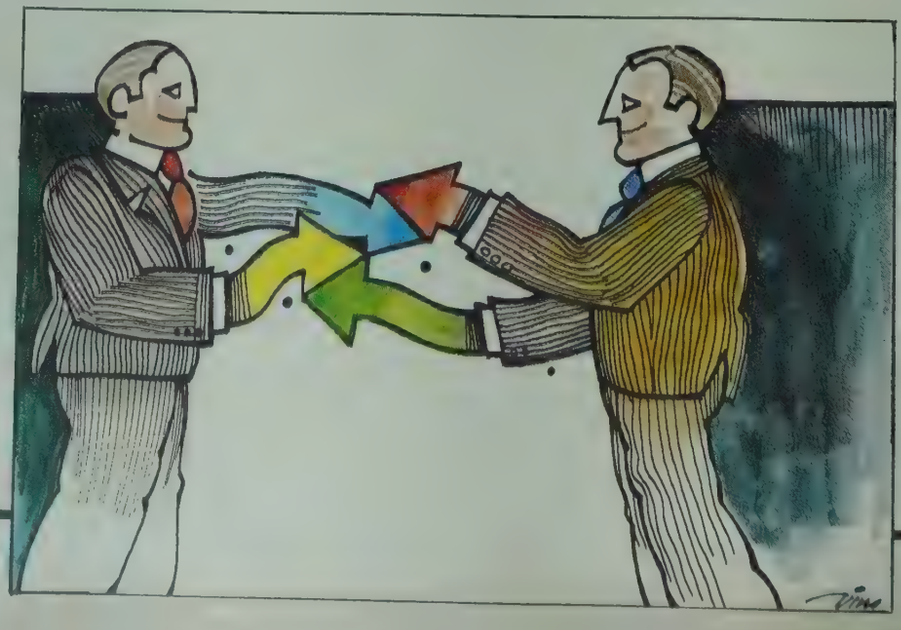
Building on the theoretical underpinnings provided by the legendary Kurt Lewin, the first T-group session was designed and held in 1947, in Bethel, Maine (US) to provide training in developing human relations skills. Thereafter, an organisation called the National Training Laboratories (NTL) took up the movement and popularised the newly-developed technique in industry, thus enabling managers and executives to avail of its benefits.

T-group techniques used today for corporate clientele — popularly known as laboratory training, lab for short — are based on the conceptual framework of Lewinian thinking, Gestalt psychology and client-centred therapy developed by Carl Rogers.

The movement was imported into India in the sixties and slowly gathered momentum 'till it finally managed to secure a tentative foothold. At present, there are 3 premier organisations — Indian Society for Applied Behavioural Science (ISABS), Indian Society of Individual & Social Development (ISISD) and HRD Network — besides the well-known management institutes, providing lab exposure to about 250-300 business executives every year. Yet, unlike in other countries, lab has failed to gain widespread acceptance in Indian business organisations and has never been considered a part of the teaching mainstream.

Also, despite its more-than-a-quarter-of-a-century presence in India, lab remains the least understood training technique. Some regard it as a pitcherful of magic dust capable of curing all executive ills of unknown aetiology and dubious prognosis; others consider it an elitist sojourn into the freakish grey pastures that are the exclusive preserve of behavioural scientists, while popular myth has it that going through sensitivity training is a baccalaureate requirement for a professional passport to human resources development (HRD). Because of these wildly far-fetched perceptions, the true potential of lab has remained undiscovered and the organisational benefits of one of the most potent social inventions of our times have not been fully realised in India.

Lab requires managers to stay together as a group, away from the familiar organisational and family settings, usually at a distant location, and places the strangers, who are strangers, in a highly unstructured group situation where the task, and the objective, of this group meet are intentionally left unspecified. In such volatile settings, and as the trainees struggle through the mounting tension and anxiety that such lack of structure inevitably brings about, most of



the normal social codes of interpersonal behaviour become inoperative.

The facade of insincere civility is replaced by free unhindered expression of negative feelings of irritation, anxiety and stress. The freedom of expression leads to reduced defensiveness and free flow of interpersonal feedback to the group. Slowly, painfully, and tentatively, another very different set of group norms develop where tact and guile are dispensed with in an atmosphere of free and open communication. This reinforces self-exploration and disclosure of hidden parts of the self which gradually paves the way for greater self-awareness and increased sensitivity to and understanding others.

Unlike elsewhere, lab has not gained widespread acceptance in Indian business organisations

These group learnings carry over to other relationships outside the group and to the workplace and thus improve the trainees' interpersonal relationship skills. Through this entire process, the trainer maintains a nondirectional, nonprescriptive stance and interacts with group members primarily to facilitate expression of both feelings and thoughts.

Chris Argyris, in a article 'We must make work worthwhile' in *Life* gave a very fine description of his experience of a lab session involving the top management team of a large organisation. The description runs as follows:

At the outset, after defining the objectives of this educational experience, the seminar leader said, in effect: "Okay. Let's go." There was a loud silence and someone said: "What do you want us to do?"

(Silence)

"Where's the agenda?"

(Silence)

"Look here, what's going on? Aren't you going to lead this?"

(Silence)

"I didn't come up here to feel my stomach move. What's up?"

(Silence)

"Fellows, if he doesn't speak in five minutes, I'm getting out of here."

(Silence)

"Gentlemen," said the treasurer, "we've paid for the day, so let's remain at least till five."

"You know, there's something funny going on here."

"What's funny about it?"

"Well, until a few minutes ago we trusted this man enough that all of us were willing to leave the company for a week. Now we dislike him. Why? He hasn't done anything."

"That's right. And it's his job to do something. He's the leader and he ought to lead."

"But I'm learning something already about how we react under these conditions. I honestly feel uncomfortable and somewhat fearful. Does anybody else?"

"It's interesting that you mention fear, because I think we run the company by fear."

The president turned slightly red and became annoyed: "I don't think that we run this company by fear and I don't think you should have said that." A loud silence followed. The vice-president thought, took a breath, looked the president straight in the eye and said: "I still think we run this company by fear and I agree with you. I should not have said it."

The group laughed and the tension was broken.

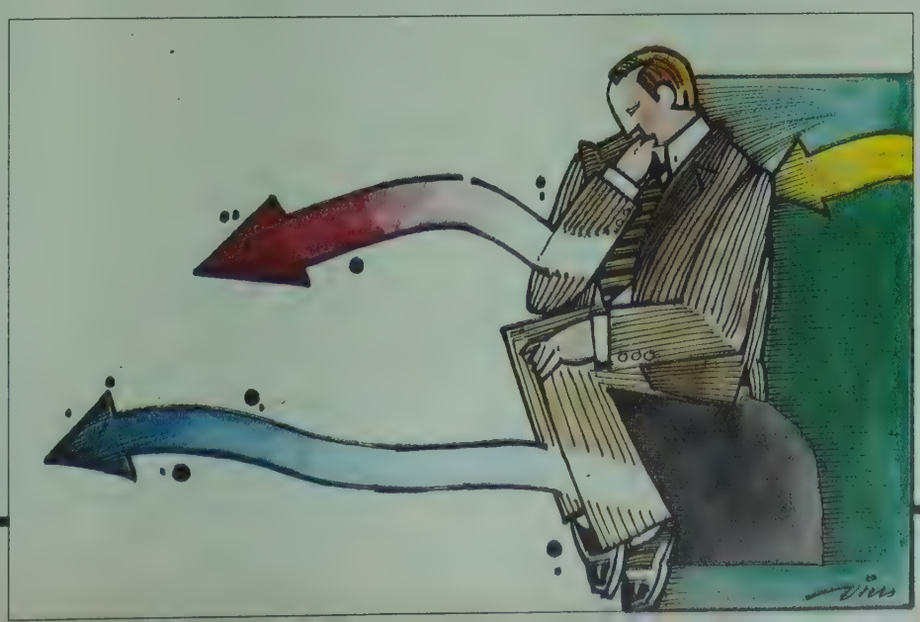
"I'm sorry," the president said. "I wanted all you fellows with me here so that we can try and develop a higher sense of openness and trust. The first one that really levels with us, I let him have it. I'm sorry — but it isn't easy to hear about management by fear..."

"And it's not easy to tell you."

And the group plunged into the issue of how they judge the openness of a person — by the way he speaks or by the way he behaves?

Learning, as might occur from exploring feelings and receiving intensely personal feedback, does entail a certain amount of risk. In fact, the lab method has attracted flak from both academia and industry on this count. It has been defined as a psychological bloodbath and a mental nudist colony. There have been reports of psychological breakdowns and occasionally of psychotic episodes suffered by some people following a lab experience. While such damages, rare as they may be, are certainly a cause for concern, it is quite likely that individuals who have suffered such damage might have lacked the emotional resilience to benefit from such intensive group experience and should have never been sent for lab exposure in the first place. In fact, it is a sombre reminder that lab is an extremely potent tool, and not merely a faddish toy to casually fiddle around with. On the other hand, if such cases were commonplace, NTL would have closed shop by now, and at home, companies like ITC that have been using labs regularly in their training programmes for quite some time would have stopped holding them long back.

All things considered, labs can be a very powerful means of personal growth when they are used with caution, supported by an upfront need analysis and a realistic appraisal of the mental health of the individuals concerned.



• *The author is deputy manager (training systems) in the IBP-Balmer Lawrie group.*

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THE COMMUNICATION GAP

AHMED BUNGALOWALA



It is very fashionable nowadays to start any piece of writing on corporate communication with a Zen story. I couldn't resist the temptation either, for the simple reason that Zen stories make a point so lucidly. So here it goes:

The Zen Master is famished. He asks his novice-cook to rustle up something quickly. The cook scurries to the vegetable garden and chops off a few vegetables — but in his haste also chops off the head of a grass snake. The Master is served a steaming bowl of "vegetable" soup. Midway he stops and asks "What's this?" holding the head of the snake. The novice bows, says "Thank you, Master" and eats up the snake's head. The moral of the story: when you have bungled, just eat the blame!

The question this story poses for communication professionals and experts: "Who should eat the blame when a promotion strategy bombs?" Should it be the agency which mixed up the vegetables and snake head of the client's brief (read need)? Or should it be the client who was in such a hurry to get his bowl of soup (communication package)? (The term agency is a convenient abbreviation for all creative shops or shoppes — advertising, direct marketing, public relations, visual communication or business-to-business contact.)

A CASE STUDY

Let me give you a brief case study from our own experience. Some 4 years ago, we decided to break our 2-year "advertising silence" (due to a variety of reasons) with a campaign which would beam the new technologies from Thermax — fluidised bed combustion, GIC grain storage silos, vapour absorption chilling, computerised water treatment packages and PC-based telex machines. We got into the act with our agency and the whizkids there were quite kicked by the task. They wanted to interpret the technologies in an "interesting" way. We had no objection to this *per se* except for the reservation that in making things interesting the whole exercise should not become an advertising free-for-all but should remain "market-focused" (all the technologies offered substantial and real customer benefits). The agency did some research into the technologies and their benefits and a 5-ad colour campaign was developed. It was presented and we bought it (with a little hard sell from the agency). We "gang-released" it in colour in *India Today*, *Business India* and *BusinessWorld* with selective black and white insertions in newspapers. It cost us quite a packet. To make a long story short, the campaign did break our advertising silence with a bang ("primary objective met") but did very little else for us, or the technologies. There were no salutory fallouts. The whole became less than the sum of the parts.

In retrospect, we learnt four important lessons:

- Were we (the client and agency) alert to the unintended consequences of the communication (campaign)? We were not. Two of the ads in the campaign got us substantial off-the-mark responses. In one case, we were flooded with letters from builders for tap fixtures — a business we are not in.
- Did we (again, client and the agency) think the exercise through to the last nuts and bolts? No. The "gang release" idea turned out to be not so hot, except for its sledgehammer effect. Too ephemeral, like the song of the cicada!
- Did the communication draw attention to itself (the Ad Club syndrome) or did it go out in the market, sleeves rolled up, to drum up business for us (return on investment — ROI)? At a wedding reception who should be seen — the bride and the groom or the videographer?
- Where were the synergy couplings loose? A safe bet — between the client and the agency and within the client and agency organisations (the multiplier effect).

So, to come back to the question: who ate the blame? Answer: both the agency and the client did, except that it was a pretty prohibitive bowl of vegetable-and-snake soup for us!

Once bitten, twice shy. We have tried very hard to relearn our communication expertise with questions like, "where does advertising end, and business begin," or with tenets like, "let's go for synergies of scale" — exactly like in Chinese cooking. Nothing wasted. Everything adds value.

Let me end with another Zen story (the taste of Zen is addictive!):

A Zen Master is dying. All the eager novices are crowding around him in the hope of catching the last few pearls of wisdom. The Master shooes them aside saying, "I want to hear what the washerwoman is saying about the neighbour's laundry!"

And here (in disguise) is the most important lesson in corporate communication. One should keep honing the ability to cut through the mind-boggling clutter of jargon, opinions, glib talk, technology razzle-dazzle, gut feel, marrow feel, expertise, experience, et al to get to the heart of the matter (what the washerwoman is saying) and produce communication which is right the first time (and every time). Because you rarely get another chance to do it all over again — it is much too expensive!

A promotion strategy should be so designed that it hits the nail on the head every time



• *The author is divisional manager — communication, Thermax.*



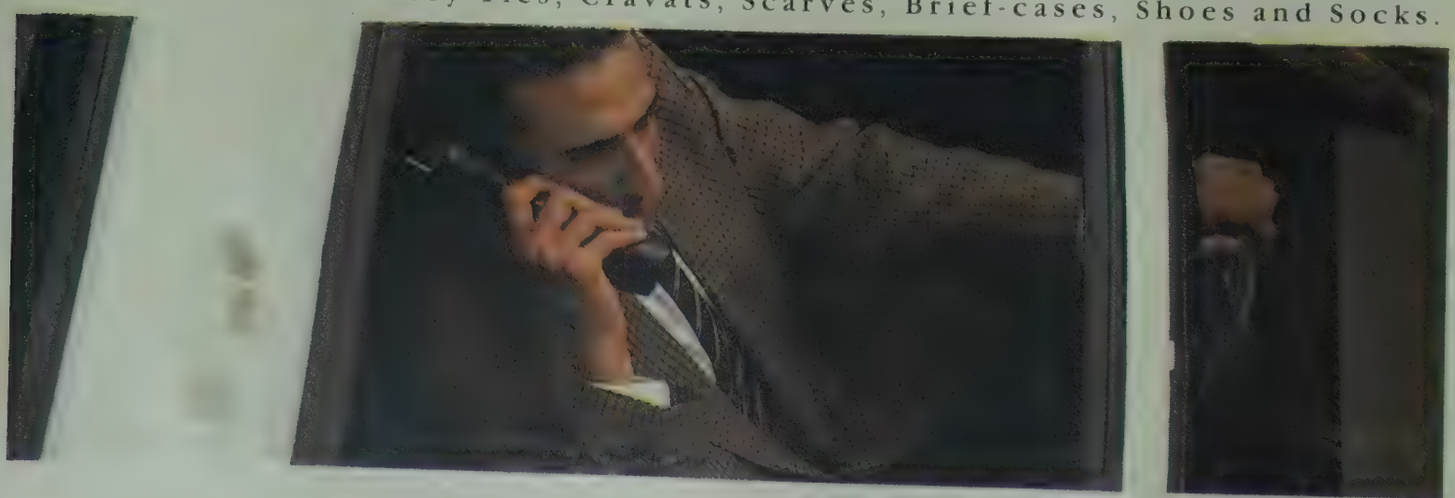




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CASHING IN ON COLOUR

All of a sudden, it seems colour is what makes the consumer products market go round. Companies across the country are relaunching conventional, everyday products in distinctly unconventional colours — and are, more often than not, getting away with it. Consider a few examples:



■ In the old days, all toothpastes were white. When it was first launched in India, Hindustan Lever's Signal was a big hit with children, thanks largely to its now hallmark pink stripes. In the late seventies, another Lever product, Close-up, came out in bright red, without much success. The company waited a few years before experimenting again, this time with blue. It worked — and how! Enthused, Lever introduced Close-up green earlier this year, only to be followed by a similar offering from Cibaca. Earlier, market leader Colgate had also taken the colour trail by launching a blue gel off its own bat.

■ In the old days, all fridges were white. Then Voltas broke the mould with reds and blues. Godrej responded quickly, with a veritable rainbow range to choose from. Today, you can even pick up a jet-black fridge, if that suits your style.

■ In the old days, all newspapers were white. Over the past 2 years, *The Economic Times* and *The Business & Political Observer* have blushed in varying shades of pink, while *The Independent* dabbled with light green and, believe it or not, lilac!

■ In the old days, all condoms were... well, off-white, shall we say? Fiesta raised more than eyebrows a few years ago, with blues, greens, reds and even yellows. And the JK group's KamaSutra is now adding more colour, if in nothing else, in advertising.

The best indicator of the Indian consumer's new clamour for colour can be found (where else?) in the paint industry. Not very long ago, you could list the shades available in the market in less time than it takes to read this sentence. Today, you can buy virtually every hue under the sun off-the-shelf at any paint shop. Asian Paints' Apcolite emulsion alone comes in 151 shades — including, of course, *mera wala creeeam!*

But the love affair with colour extends well beyond the shade-cards. Practically every consumer product you can think of — from soap and hair oil to cars and floppy disks — is now available in a range of colours. Detergent powders used to come in blue or white, before Hindustan Lever set the green Wheel rolling. Now, Sasa has followed suit. Premier Automobiles and Hindustan Motors stuck largely to black and white, before Maruti swamped the roads with reds, blues, greens, even beiges and browns. All personal computers were white, before International Computers Indian Manufacture's (ICIM's) machines appeared in cream and a dash of deep brown and Modi Olivetti's in grey.



Manufacturers are obviously convinced that the right combination of shades on their products can add a good deal of colour (not red, naturally) to their bottomlines. Says a Hindustan Lever spokesman: "The younger generation, in particular, shows more interest in cosmetic variations, so these do help increase market-share. Colour is part of our overall brand strategies." Adds Godrej Soaps senior vice-president (consumer products — marketing) H.K. Press: "(Using colour) is a way of creating some excitement around a brand."

But if such strategies can lead to increased revenues, they can also come unstuck. Hindustan Lever, for instance, was left somewhat red in the face after the first Close-up adventure. The multinational had the wherewithal to get over its blues — and has, of late, turned competitors green with envy over the toothpaste's success. But others have not been so fortunate. White chocolates have left Campco and Nestle with a bitter taste in the mouth. Peico's lemon-yellow 'Moving Sound' stereo range wasn't music to anybody's ears. Chancellor and Burton haven't exactly set the cigarette market on fire.

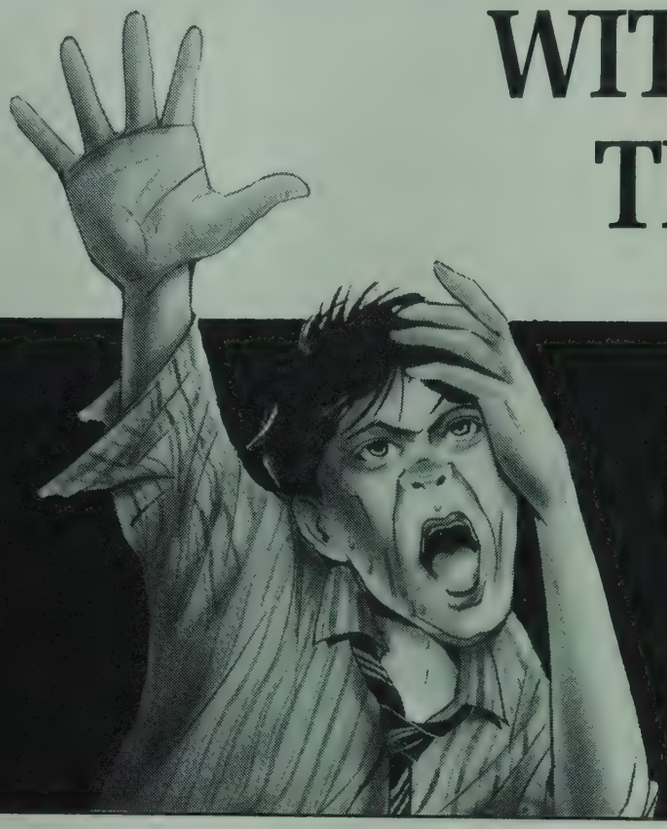
Fortunately for colour-crazy consumers, these failures haven't deterred manufacturers from experimenting. But they do tend to be more cautious than they used to. Says Frank Simoes Advertising chief Frank Simoes: "Colours have definite emotional appeal; but if the colour of a product has only cosmetic value, and no relevance to its ingredients, the whole thing becomes ridiculous." And, often, counter-productive — would you, for instance, buy green orange-juice?

Dabbling in shades has an obvious pitfall. Perceptions of colour can vary from person to person; while you may find the concept of a black shampoo interesting, your neighbour may think it disgusting. This may not affect niche-market products, but it certainly worries companies that are aiming for broad-based appeal. Says Simoes: "In the West, the psychology of colours has been thoroughly studied and exploited." Indian companies, on the other hand, often use colour purely for colour's sake. And in a market in the shade, removed from the competitive hurly-burly, it has worked.

□ Chhaya Balachandran



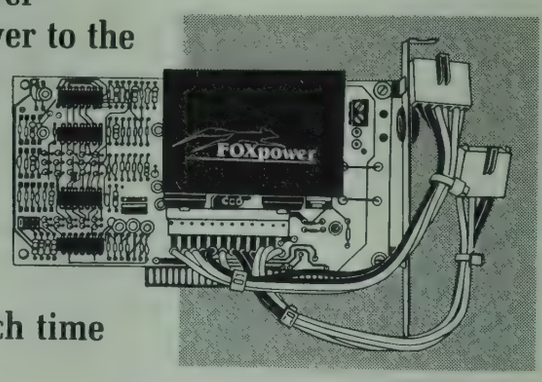
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Touché-FP-07 R



CALL OF THE WILD?

For most marketers, the solid Indian middle class estimated conservatively at 200 million strong is an irresistible market. However, during the eighties, India's teeming masses were by and large given the short shrift — neither were they seriously wooed by marketers, nor were they given quality assurances by manufacturers.

Now, after a longish honeymoon with the athileisure subsector, Bata India has decided to flex its considerable marketing muscle for the benefit of this segment. With not a little hoopla masterminded by Tara Sinha McCann-Erickson (TSME), it has launched its Tigre brand of "functional, hardworking footwear" nationwide. And, interestingly enough, Tigre is being pushed via Bata's wholesale — and not retail — line of distribution, it being reckoned as "ideally suited" for a brand offer to the middle class.

The marketing team for Tigre led by general manager (wholesale division) M.K. Raina is very clear about Tigre's brand personality: "A good friend who is smart, contemporary and lovable; a person whom I can relate with, would like to relate with and would like to emulate; someone very dependable and who will never let me down."

To enhance and reinforce the brand image, the tiger has been used as a mnemonic. Accordingly, while Tigre is the brandname for Bata's wholesale merchandise, the friendly tiger is its mascot: "The tiger is usually associated with power and strength. In this case, it symbolises the quality of Tigre merchandise."

Raina's team has been of late busy conducting dealer meets in every region, ostensibly 'hosted' by a three-member Tigre family consisting of papa, mama and baby tigers. Run as an open house, dealers are encouraged to discuss their problems and share their aspirations. According to a company spokesperson, these meets have had an "overwhelming" response: order bookings at the Delhi meet totalled 2 lakh pairs, while for Calcutta the figure was 1.5 lakh pairs.

Simultaneously, a high-decibel ad-cum-promotion campaign has been launched. Inside sources say the initial market response is "very encouraging." Tigre Hawai today accounts for 15% of the hawai sandals marketshare; Tigre also has captured a 30% marketshare for school shoes. Clearly, Bata is going in for a high-volume, low-margin strategy — the exact opposite of its Adidas gameplan. Says Raina: "There is a strong inclination towards brands (in the middle class). Tigre is meant to meet this need."

As an overall strategy, Bata India does not want to vacate any market position. Hence its new mascot. Clearly, riding a tiger is a better option than being mauled by one.

SOARING TO FREEDOM

Its symbol is a bird soaring into the skies. The slogan: "Nothing comes close to it." The product, however, is something far more down-to-earth — storage batteries. Dubbed "Exide Freedom," the latest range of storage batteries from Chloride promises its users a relatively troublefree lifespan.

Launched recently, the battery has certain features specifically tailored for Indian requirements. Says Chloride India chairman S.K. Birla: "We are increasing our efforts on the R&D side, trying to indigenise technology to make it amenable to local needs. Exide Freedom is the result of such indigenisation."

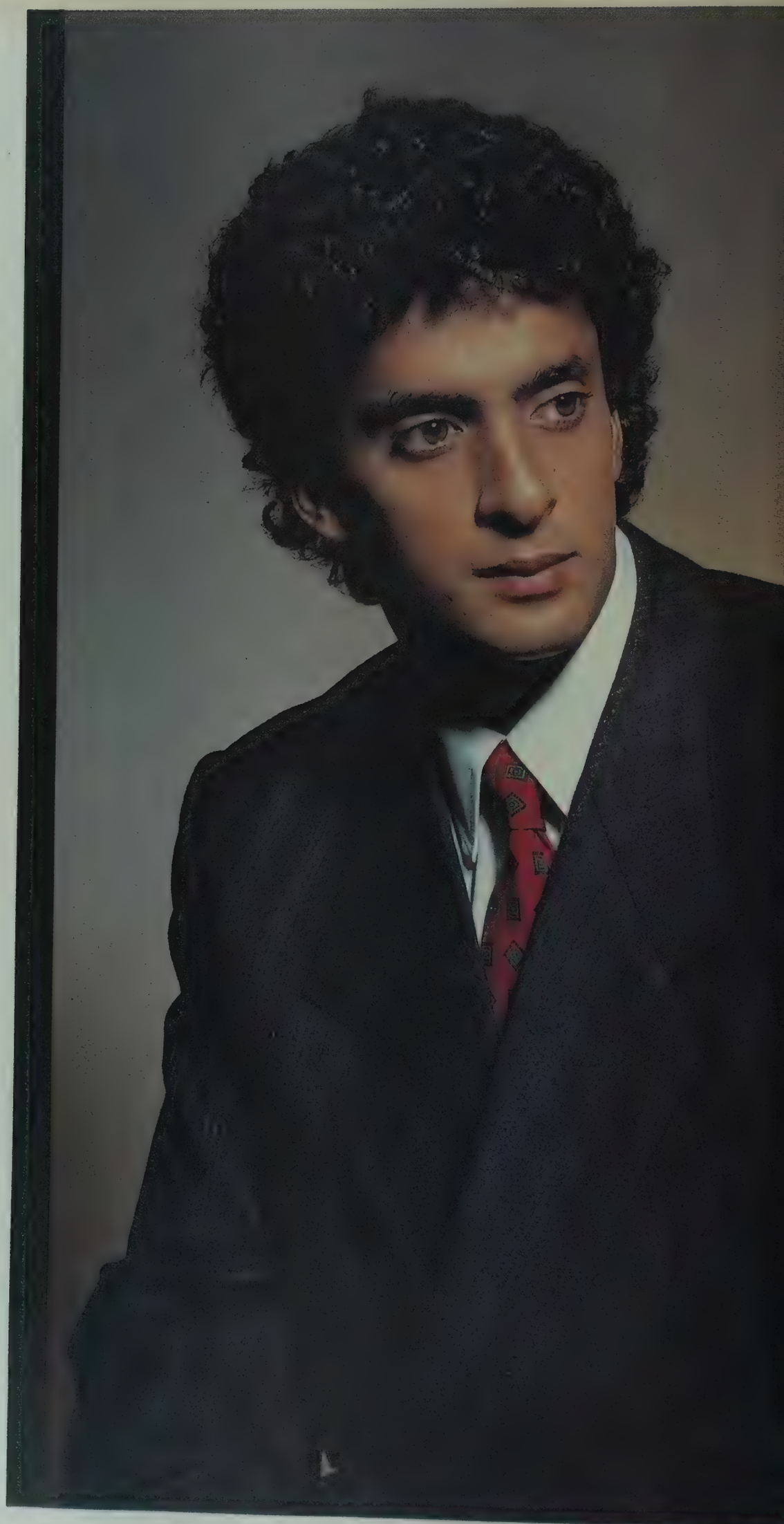
While designing the battery, 3 typically Indian scenarios have been kept in mind: excessive vibrations due to poor road conditions, higher ambient temperatures, rough use and low maintenance factors. Some of the features incorporated are 30-40% higher energy available for cranking, excellent charge acceptance behaviour, double the amount of electrolyte on top of the separators as compared to conventional batteries etc. Thus, as is pointed out by managing director B.D. Bose, "even though the cost of each battery is 25% more than other batteries of the same rating, the lifespan is considerably longer."

Besides designing a quality product, Chloride is also attempting to go beyond just the product and focus on customer service and support — and this won't be confined to Chloride House. Says Bose: "We are trying to extend this way of functioning to our 2,500-odd outlets all over the country.

Given Chloride's infrastructure and past experience, it is expected that Exide Freedom will do well, although it is too premature to trace the flight path of this voltaic bird.



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BREAKING THE ICE

Though takeoff was slated for February this year, 'Pure Gold — the ice cream of the Taj' got off the ground only in end-October with an ice cream parlour in Bandra (a suburb of Bombay).

The delayed start aside, the flagoff unveiled a snazzily done up parlour with gizmos like a TV monitor flashing the latest flavours, besides the standard menu interspersed with the "MTV sort of thing," says executive coordinator of the project Anil Pathak.

The plan is to throw in some more excitement in the shape of a juke box, live entertainment on some days and a whole host of promotional gimmicks like lucky dips. The parlour also has a lot of open space around with umbrellas, tables and chairs. "This," says Pathak, "is to be a regular feature with every parlour we will open."

Other features that will remain constant for all parlours are the decor (predominant colours are deep red, blue, yellow and black) and also that they will be on a franchisee basis. That is, though day-to-day running will be by the Taj, the space will be owned by the franchisees who will get a percentage of sales.

The sticker prices are higher than any in Bombay but Pathak is confident of drawing in a cool Rs 20,000 a day.

Meanwhile, Cadbury's Dollops has tied up with the Sterling theatre (taking a cue from Estelle's venture with Eros perhaps) and is presenting the hit US movie — *Home Alone*. There are "surprise treats for lucky patrons and fabulous prizes" for those solving the lop puzzle. Bombayites are in for cool times.

PAPER PROFITS?

Shareholders of Bangalore-based hydraulic equipment and plain-paper copier manufacturer Dynamatic Hydraulics must have been pleasantly surprised to receive their annual reports this year. Reason: the company had come up with an innovative way to package the report — in a newspaper format. And like with the leading financial daily, it too was shaded pink — obviously not out of embarrassment.

These days, many companies have got into this 'my balance-sheet is better than yours' trip, wherein being fancier means better. And while the big guns have been splurging moolah to get that 'different' look, Dynamatic has managed it at little cost. In the process, the company has put the others in the shade.


THE TIMES

Dynamatic Hydraulics Limited doubles all round

ALLURING IMAGE

It's hoping to make a big splash in the premium shampoo segment. And the Calcutta-based MJ group company Allure Cosmetics is leaving no stone unturned to ensure that it's a heady success.



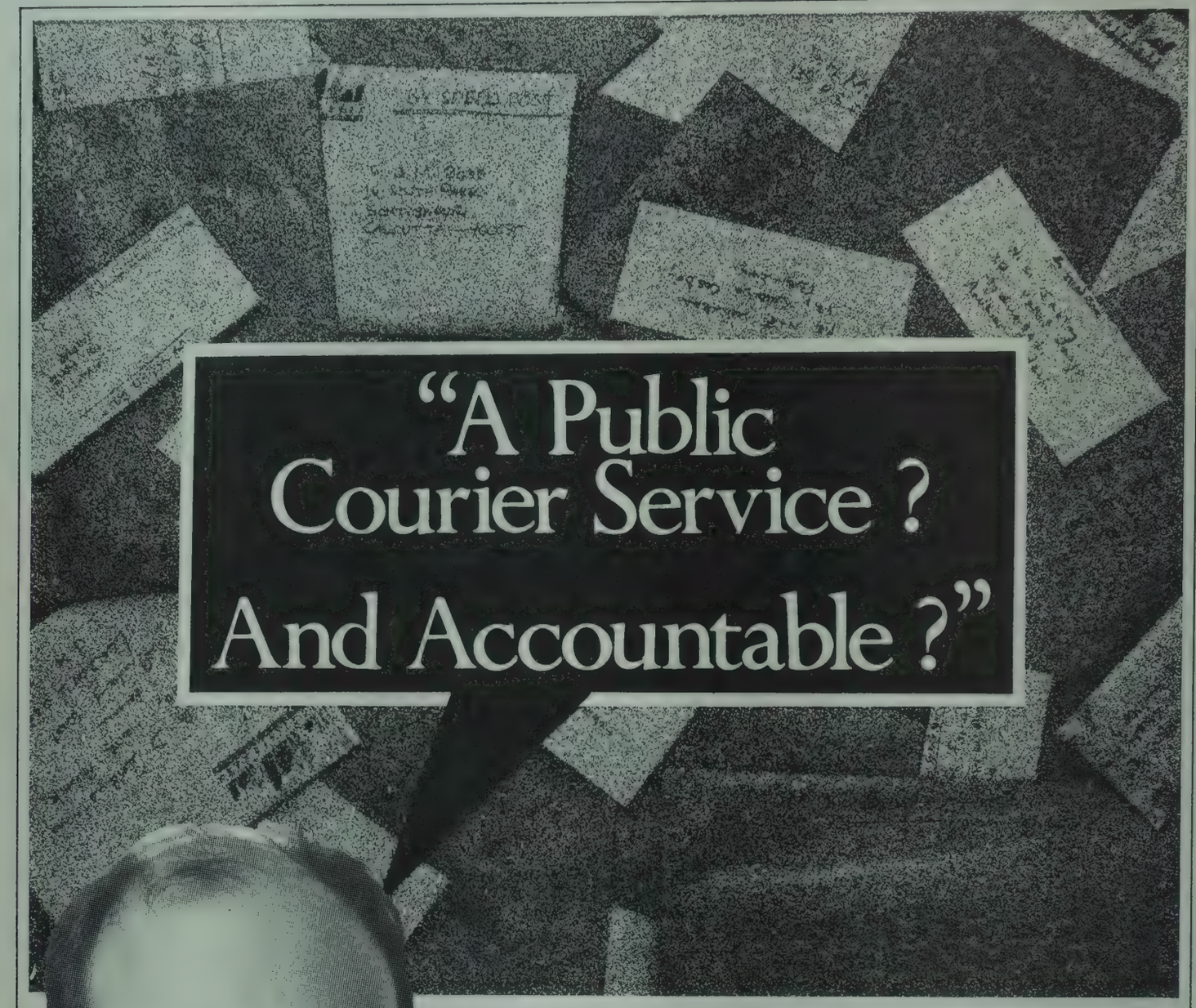
For starters, it has tied up with French 'big name' Laboratories Garnier to get that international image. Second, it is readying to launch a spirited advertising campaign to allure customers.

It will need all that hoopla. For the fast-growing shampoo market has been attracting a lot of players and in the premium segment foreign tieups seem to be the order of the day. Nemaru Coiffure set the ball rolling for its Bigen brand with a technical agreement from Hoyu of Japan.

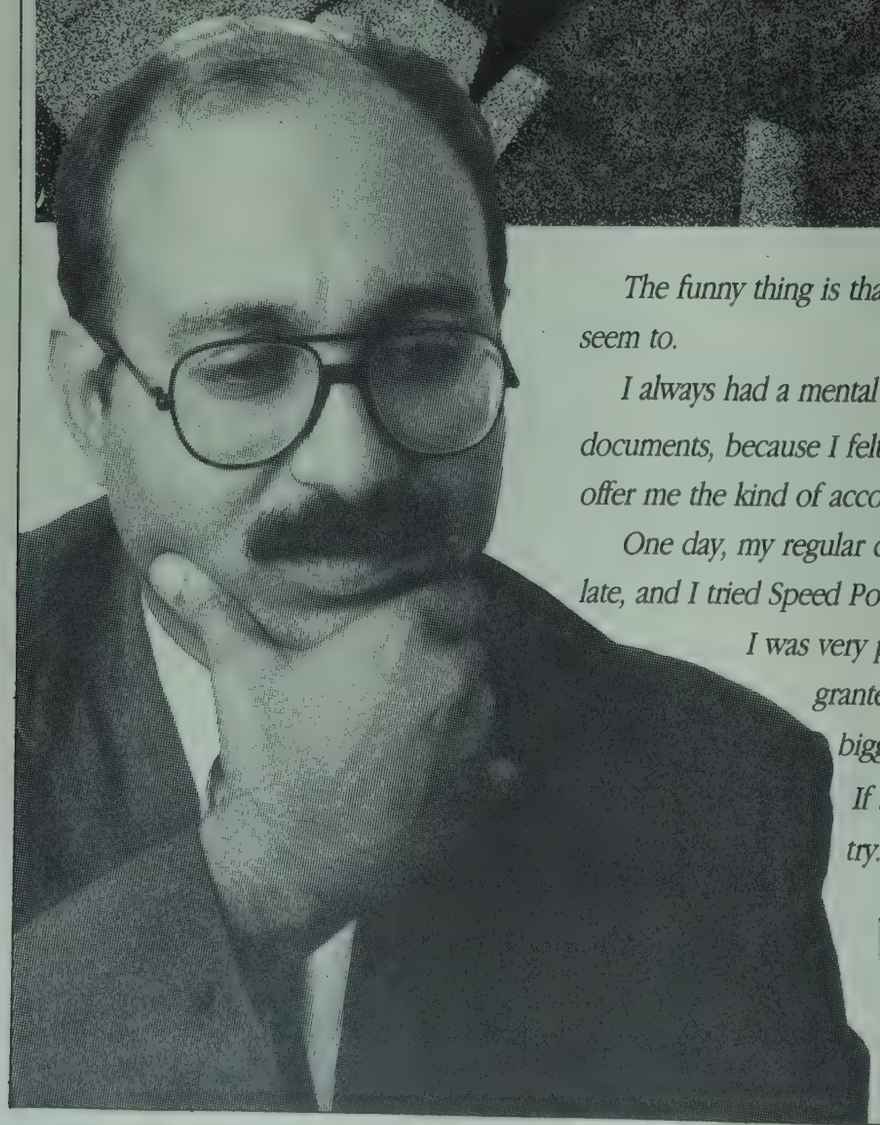
About Allure's haring off into shampoos, explains marketing manager Dinesh Dayal: "It was only natural as the group was already into the making of perfumery compounds." But why shampoos? Says Dayal: "It is a Rs 100 crore plus market with an annual growth rate of 30%; besides the market is expected to double by 1995."

The premium segment, which commands 15-20% of the total shampoo market, has few big competitors — Lever rules the roost with its Sunsilk brand. Nemaru Coiffure (mentioned earlier) is a relative newcomer. Thus, the Allure management believes it has a winner in its offering — Ultra Doux. The company's confidence is evident from the fact that it is launching the shampoo in the 5 major metros almost simultaneously. And the cash-rich MJ group is chipping in more than Rs 1 crore to prop Ultra Doux in the marketplace.

In fact, so sanguine is the company, that it is even willing to shrug off Lever's strong presence in the market. Says Dayal: "We'll be the numero uno in 5-10 years' time." But it will take more than words to give Lever, with its wide marketing arm, a run for its money. Prima facie, the product looks likely to raise a froth. Ultra Doux is based on natural plant extract. The range includes: lime blossom for normal hair, wheatgerm for dry hair and sage for oily hair. "The company's door-to-door test marketing has provided a valuable clue on the likely success of the brand. And tests have proved that the most appealing factor according to consumers is its fragrance," says Dayal. Will the sweet fragrance help Allure lure customers?



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With institutes emerging a dime a dozen, there is a need to...

SET STANDARDS

Software professionals like to joke that it is now possible to acquire a diploma in Basic, Cobol and Fortran programming without actually coming face to face with a computer. An exaggeration, naturally. There are, by very conservative estimates, more than 3,000 computer training "schools" in India today and, as far as we know, each of them has at least 1 PC on the premises.

Every year, these schools churn out thousands of diploma-waving young men and women with stars in their eyes, cushy jobs in their dreams. But, again by conservative guesstimates, only 1 out of every 10 has spent more than 35 hours on computer keyboards during his/her 12-month "crash course." Not surprising, when you consider that the typical training centre takes in anywhere between 20 and 60 students per batch and rarely has more than 3 teachers on its rolls.

Result: less than 10% of all diploma holders find employment at more than Rs 2,500 a month. Many have to be satisfied with starting salaries ranging from Rs 850 to Rs 1,500. And, for all the tall claims of guaranteed placements that the schools make in their advertisements, a majority of their products can find no jobs on the strength of their diplomas.

The beginning. The genesis of this appalling state of affairs lies somewhere in the mid-eighties, when computer education came to be identified as a means to employment, and training centres began mushrooming across the country. Prior to that, a diploma programme in computers was considered a mere add-on to a professional course.

The Indian computer industry was still in its infancy and the user community — companies that had computerised some of their work — small. The demand for computer professionals was met largely by engineers and Masters of Computer Applications (MCAs), graduates from recognised, government-funded colleges and universities.



ARORA: *Placement commitment*

As the software brain-drain began (the systems engineers and MCAs headed West, with more than a little help from software exporters), the infotech industry and computer-users had to turn to training schools for their manpower requirements. Almost overnight, a diploma in programming from a private training centre became a professional course in itself.

The demand-supply gap continued to widen with each passing year. Soon, most of the bigger training companies were able to boast "100% placement" in lavish ad campaigns, actively encouraging the notion that a 1-year computer course was an easy ticket to a hitech, high-profile, high-salary job. Smaller street-corner operators started making similar promises, regardless of whether they had the necessary wherewithal.

By this time, any hard-nosed businessman with 2 computers and a roof over his head could open a computer school and charge fees upwards of Rs 5,000 for a 1-year course. Course material was pilfered from the more-organised outfits like the National Institute of Information Technology (NIIT), Apple and ICS; software was pirated indiscriminately and anybody who had any experience in computer usage was considered fit to teach the subject.

RAO: *Cold shoulder to diploma holders*



For a while, employers rushed indiscriminately to these schools, hiring diploma holders without a second thought. But it wasn't long before the new recruits began to show their inadequacies. Left with no other option, the employers were forced to invest heavily on in-house retraining programmes in order to make their recruits productive. The first year of the average diploma holder's employment was written off as a period of "re-education" — that too at company expense.

Engineers vs diploma holders. That is where matters have remained ever since. Today, only a few software houses and blue-chip companies can afford the luxury of hiring IIT-trained systems engineers or MCAs. These organisations wouldn't touch a diploma holder with a barge-pole. Take Tata Consultancy Services (TCS), for example. The country's largest software house (and consequently one of the largest recruiters of software professionals) sticks to engineers. Says TCS systems manager A.G. Rao: "Software development is becoming engineering-specific, so we need people with specific engineering skills."

Some training institute chiefs vehemently deny that their products don't match employers' standards. Says Rajeev Arora, managing director of Datapro, among the biggest computer education companies in the country: "TCS would like even its sweepers to be PhDs." But others in his line of business are more realistic. Says Irfan Ahmed, centre coordinator at Bombay's Nalanda Computer Education: "If you can get an engineer, why take a graduate?"

Computer-training professionals defend themselves by pointing out, as Ahmed does, that "no institution can teach you everything; we teach the es-

sentials and students with drive do very well." And the chief executives of the larger training companies insist that their graduates have a pick of the jobs in the market. Says CEO of Apple's infotech division Ganesh Natarajan: "Those who say our students don't get jobs in good companies are mistaken. Sometimes, diploma holders deliberately join small organisations, where promotions come easier." Arora maintains that his company stands by its commitment of 100% placement. "In fact, some of our students get offers even before they complete their courses."

But this is true only of a few large, well-organised institutes. Companies like NIIT, ICS, Apple and Datapro are, on the whole, well-equipped in terms of machinery and adapt fairly quickly to changes in technology. Says NIIT course director Samarjit Dey: "We are not competing with the IITs or IIMs, but our courses offer good value for money and an NIIT degree definitely adds to the worth of an ordinary graduate." Says former ICIM CEO Sumantra Banerjee: "Such institutes have de-mystified the concept of computers." And, in the process, have brought the machines closer to the common man.

The quality of education offered by these organisations, though no patch on the curricula at the IITs and IIMs, cannot be dismissed lightly. Says Uday Shetgiri, general manager (systems) at Citicorp Overseas Software: "They may not be world-class, but they aren't total washouts, either." A few schools, like Bangalore-based Brilliant's Computer Centre, have structured their courses on the basis of surveys on employers' needs. No university has undertaken so comprehensive an exercise — which is why computer education is, in theory, best left to private institutions.

Accreditation. In practice, however, but for a few exceptions, the education industry is rife with unscrupulous operators. The cost of setting up a computer school being negligible (a few Calcutta outfits started with an investment as low as Rs 1 lakh), there's no stopping savvy businessmen from cashing in on the craze for computer diplomas.

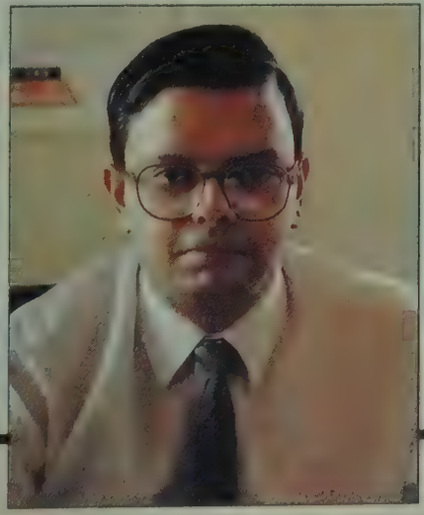
Some efforts are under way. The Computer Society of India (CSI) is working in tandem with the department of electronics (DoE) to establish an accreditation scheme that requires training schools to follow a strict set of guidelines. Accreditation will be based on certain criteria — the number of machines, staff strength etc. In addition, the CSI proposes to conduct nationwide exams at 4 levels on the basis of prescribed syllabi. Says CESC's Santanu Chatterjee, who is part of the CSI-DoE team: "We are trying to standardise the level of education so that the recruiting bodies can be guaranteed a certain minimum quality."

Thus far, 45 training centres have received CSI-DoE accreditation. But most of these are among the better-organised schools, which were offering education of a reasonable standard even before the standardisation norms were established. And these outfits, for all their good intentions, are unlikely to come even close to meeting the rapidly growing demand for computer professionals.

In other words, employers will perforce continue to depend on unrecognised, unaccredited institutions for their recruitment needs.

□ Brian Carvalho
& D.N. Mukerjea

NATARAJAN: *Diplomas hold weight*



THE PROBLEM AREAS

Computer training schools in general fall short of employers' expectations (and that, mind you, is an understatement) on 3 important counts: machines, men and course materials.

■ **Machines.** A few schools can claim to provide 1 computer for every 3-4 students, but that is nowhere near the industry average. Smaller centres, particularly those operating in small towns, often have no more than 2 machines per batch of 40-60 students.

A majority of the country's computer diploma holders, therefore, enter the job market with less than 20 hours' "hands-on" experience.

■ **Men.** Training centres usually refer to their staff as "faculty;" but nobody takes that very seriously. For most part, teaching staff at these schools comprise former students. In other words, anybody who's done a 1-year course in computers at a training school is deemed fit to teach the subject. A few schools insist that their students go out into the field and gain a few years' working experience before returning to teach, but these, again, are exceptions to the rule.

To some extent, the schools don't have too many options. Few systems engineers, MCAs or MBAs consider a teaching career worthwhile. But, then again, few schools are prepared to offer attractive salaries, either. A "faculty member" typically starts with a salary of Rs 1,500 and remains a trainee for 3-4 years before confirmation.

Unable to find (or, perhaps, afford) better-qualified teachers, some schools put diploma holders through an additional, specialised course before absorbing them in the faculty. NIIT teachers, for instance, are trained internally at the School for Employee Education and Development (Seed). Apple has a similar body called Crest.

The CSI-DoE accreditation norms (see main story) insist that schools employ highly-qualified teachers. Since this is unlikely to happen — unless, of course, the schools are prepared to pay handsome salaries — it would probably make better sense for DoE to prescribe Seed-like courses for diploma holders who would like to take up a career in education.

■ **Course Material.** It speaks volumes of the nature of education offered that most employers consider diploma holders mere data-entry operators — glorified typists. In an industry where technological obsolescence sets in almost as soon as you can say "out of date," few schools keep abreast with software trends.

Since the schools are willing to admit students from any stream, courses are deliberately kept simple and general. As a result, diploma holders rarely have any concept of specialisation; this, in a highly-specialised line of work.

CSI's efforts to establish some sort of standardisation in syllabi and conduct nationwide examinations could improve matters substantially, but only if CSI itself can remain flexible to change.

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MAA COMMUNICATIONS-B-AAB-2

Computer training institutes are setting up a new association.

GETTING INTO THE ACT

The schisms are widening in the Indian computer industry. With 4 major associations — The Computer Society of India (CSI), Manufacturers' Association of Information Technology (Mait), National Association of Software & Service Cos (Nasscom) and Electronics & Computer Software Export Promotion Council (ESC) — already representing the various segments of the business, yet another one is taking shape.



SHAH: *Computer schools need their own voice*

Computer training institutes, burgeoning by the day, have got together to set up their own club. On 8 October, 18 of them met in Bombay to form an ad hoc committee that will draft a constitution for a new association, tentatively christened the Association of Computer Trainers (Act). Among the outfits represented were NIIT, Apple, Datapro, Bits, Digital Equipment, Informatics, BDPS, Vijay Mukhi Computer Institute, Akshay, Nalanda, Boston Management Consultants, Computer Point and Network.

Says the committee chairman Arvind Shah: "Today, there are more computer schools than manufacturers. They need a voice of their own."

But the country's computer training institutes already have representation in the shape of Mait's computer training division (CTD), headed by ICS chief Anil Malhotra. And Mait, itself, is headed by an education man, Rajendra 'Raji' Pawar, managing director of NIIT, the country's largest training company. Pawar, who has reportedly been personally acting as a coordinator between trainers, the CSI, the department of electronics (DoE) and the government, doesn't believe another association is necessary: "Mait covers all the issues that are relevant to the training industry." Shah, however, begs to differ. Mait's focus, he says, is on excise structures and phased manufacturing programmes. "And that's what it should be. We feel we should have a body that is more sharply focused on our needs."

Ego clashes? Industry insiders hint that Act may be a fallout of ego clashes between the two biggest names in computer education, Raji Pawar and Apple chief Atul Nishar. But Nishar is emphatic in his denial: "I am not settling any scores and have no problems with Pawar. I continue to be on NIIT's CTD committe." Adds Shah: "Pawar was personally invited to the October meeting; so where's the question of vendetta?"

Pawar, however, did not attend. And there are people in Mait who accuse him and Malhotra of riding roughshod over ideas and suggestions put forward by others. The 'Mait Mark' standards for training schools, they say, were set up by the duo without consulting others in the business. Pawar brushes this aside: "When you set standards, some people are bound to feel left out." And, far from being closed to advice from fellow-members, he says he'd be very happy if some of them "become more actively involved in Mait than they have been in the past."



PAWAR: *No need for Act*

Shah, however, is confident that Act will do more for the industry than Mait could. He points out that " software exporters too broke away to set up Nasscom and since then the industry is being given a better hearing in Delhi. We expect the same for us." For his part, Pawar believes that too many associations could spoil more than the broth. "If the government has to interact with a different body for each of the industry segments, there's bound to be a lot of confusion."

But Act has a supporter in Nasscom president Harish Mehta who says: "Training requires a specific focus. I think Act is a very good idea for now. In a startup mode, issues need to be worked out for the industry to grow." And Shah is hopeful of roping Pawar into the new body. "I think he will be a useful addition to our ranks."

While it's early days yet to speculate as to whether Act will draw more members, it is good to see that the infotech training institutes have acknowledged the desperate need for organisation. Says Shah: "My goal is to have all of us work as a federation and put some order into accreditation. Why should we have so many educational standards? We plan to upgrade them and set new (standards) or accept or adapt the existing ones."

Another area Act will try and sort out is discounts on software for educational purposes. "Institutes need stripped-down versions of packages for effective training; not the whole which costs quite a packet," says Shah. Then, he's looking to set up a grievances cell for dissatisfied students. According to him, even if he manages to get 9 of the top 10 institutes to sign on as members, Act will be in business.

All the same, the formation of Act raises a crucial question: are we about to witness another round of breakups wherein other industry subsegments (peripherals companies, for instance) will seek to set up their own associations? Says Nasscom's Mehta: "That's the way it's likely to go. But later on I see the emergence of a holding body, along the lines of the Centre for Engineering Industry, under which the associations will fall."

But it will be a while before the various associations get their acts together. It should be interesting, meanwhile, to see how the industry copes with an atmosphere of fission.

□ Anil Wanvari

COMPANIES NEED EDUCATION



A lot of corporate support is necessary to beef up the computer institutes to churn out students of a better calibre and with plenty of hands-on experience

Computer education today is a booming business. Diploma and certificate holders stroll out by the thousands each year from countless so-called computer training institutes dotting urban India. But to any industry expert it is obvious that the present infotech education system (if you can call it a "system," that is) is pathetically inadequate. Clearly, a lot of hard thinking and hard cash must go into its improvement. But the question is: who will, or who should, take that responsibility?

It is all too easy to leave the matter for the government's consideration. But I don't think that, in itself, is the answer.

Many years ago, on a visit to Virginia Polytechnic at Blacksburg in the US, I had the occasion to observe, first-hand, the computing facilities installed at the college. I was, to say the very least, highly impressed.

The institute had 2,250 terminals connected to 2-3 large IBM mainframes, 7-8 Digital Equipment Corp (DEC) Vax 780s and an equal number of large Hewlett-Packard machines. There was also a vast variety of other infotech facilities. I remember, there were a few PC-terminals in the dormitories as well, just in case one of the students was struck by a brainwave in the middle of the night!

All this was made possible by loans and generous donations from IBM, DEC, Hewlett-Packard and a number of other companies. And Virginia Polytechnic was not an exception. I noticed the same pattern at other educational institutes that I visited on that trip.

Soon after my return, I had a chance to interview a bright young man with an MCA degree from Bombay university who had applied for a job. His project work was very interesting, even futuristic. At first glance, I was impressed. On closer scrutiny, however, it turned out to be a paper project. It so happened that the university at that time did not have a single decent, working computer!

Of course, all this was many years ago. As time went by, the so-called computer revolution arrived on our shores and many educational institutions began acquiring machines. Not too many, of course, but at least we can now claim that all the schools and colleges in Bombay, put together, have more PCs than Virginia Polytechnic!

As industry turned to the computer for increased efficiency and productivity, the demand for computer-literate professionals grew. Anybody with a few months' training in one of the mushrooming computer schools could find a job — not to speak of MCAs and other, more qualified young people.

Their employers didn't seem to care that all the computer pros had very little actual exposure to computers. That, while they were sound on theory, their schools/colleges didn't have an adequate number of computers to give them practical experience.

That was also the time, fortunately for India, that body-shopping had not started; IIT graduates were still available in the domestic market.

The computer education system was not equipped to provide industry with skilled professionals in the long term, but corporate India was least concerned. After all, education was a concurrent subject, wasn't it? The report of the Rajaram committee had warned of an imminent chasm between supply and demand for trained personnel. But the employers saw no immediate shortages and, therefore, didn't think it was necessary to worry about such matters.

And then, all of a sudden, everything changed. Going West became the sole objective of almost every student of a good engineering college. Employers found themselves unable to employ good people — the students from street-corner training schools obviously couldn't substitute for engineers. And corporate India, true to form, cried foul. It blamed the government for not doing anything to control the brain-drain. And it castigated engineers for deserting the land of their birth for a fistful of dollars.

But companies still didn't think it was their business to help engineering colleges produce more and better trained graduates. It was the government's (and the University Grants Commission's — UGC's) job to buy computers for colleges. Companies said they were doing enough by hiring graduates and periodically upgrading their knowledge through internal training programmes.

Curiously enough, this is one area in which we cannot accuse the government of total apathy. New Delhi actually looked deep into the matter and realised that educational reforms and investments were necessary even at pre-college levels. The department of electronics (DoE) launched a programme called Computer Literacy and School Studies (Class) for this very purpose.

I was involved in the selection of computer systems and, subsequently, mustering the field support for this programme. Unfortunately, it failed. A class idea and a good beginning was thus lost. Corporate India once again chose to be a spectator and refused to assist the programme in any manner whatsoever. Who knows, with a little support from companies,

DoE may have been able to make a success of Class. But that was not to be.

That is where we stand today. Corporate India has made practically no contribution to computer education — at any level.

Contrast this with the way things are in developed countries like the US. American infotech giants are known to loan or donate large systems to educational institutions — as in the case with Virginia Polytechnic. The donation of surplus inventories to colleges and research organisations is common.

Some companies provide even deeper support; IBM, for instance, actually encourages senior staffers to take 1-2 year sabbaticals and teach at various colleges.

Other *Fortune* 500 corporations give in cash. Many companies are known to "adopt" individual colleges for generous grants. Xerox has a massive budget to provide assistance to universities to improve their courses. Martin Marietta has created an entire research facility at a university, where the company's researchers work in tandem with professors and their students. A number of other companies have followed this pattern.

For donors, the benefits of such corporate generosity are obvious. In addition to gaining enormous goodwill, many corporations take their pick from products of their "adopted" institutions. In Germany, the technical staff in many large corporations comprises largely of products of apprenticeship programmes run by those companies in collaboration with colleges. Such programmes also ensure that students are exposed to the realities of the corporate world and do not develop an ivory tower attitude. Our own regional engineering colleges, IITs and IIMs could use such corporate contributions.

Ask any top American CEO why his company doles out such huge sums of money to colleges and you'll get a ready answer: "We're investing in the future."

LACKING FORESIGHT

India's business community also saw the acute shortage of computer-trained manpower as an opportunity to invest in the future, but in a more mercenary sense. Overnight, hundreds of self-proclaimed computer training schools mushroomed all over the country. In most cases, the promoters knew little — and cared even less — about computers. Their sole objective was profits as amply borne out by the fact that professionals who were in charge of these schools were (and still are) given specific quarterly "quotas" to meet.

As can only be expected, neither do most of these schools have the requisite number of machines nor does the faculty have enough competent teachers/instructors necessary for quality education.



CAM CENTRE AT IIM CALCUTTA: *Could use corporate contributions*

The tragedy of it all is that, even as you read this, tens of thousands of young boys and girls are being coaxed into believing that a 1-year stint at any one of these schools is a guarantee to lifetime employment. Their parents, more often than not, know little about computers and so are willing to pay the absurdly-high fees in the hope of seeing their sons and daughters well-settled in comfortable jobs.

True, a lot of these young people will find jobs. But the companies that hire diploma holders either saddle them with what is the equivalent of menial labour in computing terms (blocking all avenues for progress up the corporate ladder) or, if they show promise, retrain them for better jobs.

A number of companies — particularly software houses — spend lakhs of rupees every year on internal "re-education" programmes. It would save them a lot of time and bother if they were to use that money to help training schools or colleges to improve their teaching methods.

To be competitive in the fast-changing world of technology, we must have better-educated new entrants in the job market.

And we can't restrict ourselves to improving the quality of training at graduate and post-graduate levels. We must go further down the line, to junior schools. Naturally, that would require huge investments and a deep commitment. Industry can no longer afford to take an ostrich-like attitude towards education and leave the entire burden in the hands of the government. It is corporate India that stands to benefit the most from any improvement in the infotech education system — and it is corporate India that must contribute, in cash and kind, to make that happen.

The computer industry can no longer afford to take an ostrich-like attitude towards education and blame the government for the sorry state of affairs

□ P.D. Jain

The author is a former managing director of CMC.

Cosl is banking on overseas markets.

A FINE WAY TO GO?

A global gambit it certainly is; but with a difference — it doesn't involve the home country. Citicorp Overseas Software Ltd's (Cosl's) latest package, Finware, a full-featured application software for retail banks and financial institutions is, according to CEO Ravi Apte, "conceptualised for overseas markets."

Finware was launched in Kuala Lumpur, Malaysia, in September. "It was purely a marketing decision (to launch it there)," emphasises Apte. According to him, Cosl recognises the potential of the rapidly-developing financial services industry in Malaysia. Says he: "We have had discussions with 3 major banks in Malaysia for orders worth around $7 million."



APTE: *Wooing the Malaysians.*

Although his efforts have yet to bear fruit, Apte is also banking on the Indonesians, who have expressed interest in the package; and he is eyeing other Asian and European markets. Apte expects to garner some Rs 50 crore in exports over the next 5 years, courtesy Finware.

Major fillip. With rapid globalisation and deregulation in the financial services sector, the packaged software market has received a major fillip. Says director (international marketing) S. Vishwanathan: "Thanks to increasing competition and a wider customer base, banks are going in for packaged solutions."

Finware comprises a set of full-featured modules that include loans and mortgages, time deposits, savings and current accounts, teller operations, product marketing, general ledger and customer information. The target customers are medium- and large-sized banks (banks with more than 10 branches). The package addresses the operational needs of the organisation as a whole, right from the branch to the head office. Says Apte: "Finware can be used as a foundation for building new applications. It is an application environment, not just a module."

The price of the package depends on which modules the customer desires. "It could vary from $0.6 million at the low end to as much as $3 million," says Vishwanathan.

Finware is implementable on Stratus fault-tolerant XA2000 systems. For this, Cosl has worked out a strategic alliance with Stratus Computer of Marlboro in the US. Although Stratus systems are conspicuous by their absence (at least on the Indian banking scene; although Citibank does use a few), Apte stresses that "Stratus is an advanced fault-tolerant machine which is essential for Finware."

An obvious query would be whether Citibank would plump for Finware. Although it hasn't, so far, Apte does not rule out the possibility. "There has to be a fit," he says somewhat mysteriously.

Mastek unveils yet another package.

SECOND TIME LUCKY?

Topview, the much tomtommed 'software for CEOs' hasn't really emerged tops; but that hasn't dampened Mastek's enthusiasm.

The Bombay-based outfit clearly subscribes to the "try, try and try again" school of thought. Its latest effort: Mamis, a comprehensive, integrated, RDBMS-based enterprise resource planning (ERP) package.

Mastek director R. Sunder seems certain this one will do better. "It's a world-class product," he avers. According to him, Mamis aims to fulfil the needs of manufacturing organisations. And, unlike Topview, Mamis addresses the needs of the organisation as a whole.

A comprehensive package which covers the information needs of every function of a manufacturing enterprise, Mamis' modules include material requirement resource planning, distribution requirement planning, shopfloor control, purchase, receipts, quality control, maintenance and service. It also incorporates fully functional financial accounting and marketing modules, office automation, decision



SUNDER: *World-class product*

support systems and executive information systems.

At present, the most comprehensive system available for manufacturing enterprises is Manufacturing Resource Planning 2 (MRP 2). This, according to Sunder, addresses the needs of the organisation only at the shopfloor level instead of the complete enterprise.

Emerging trend. Says he: "The term 'ERP' has not yet taken root — not even in the international field. It is a new and emerging trend and no guidelines or standards have been laid down as yet." There are not many products in this arena, he says and adds that Mamis is among the first ERP packages in the world.

Says Sunder: "Mamis has been developed around object oriented technology (OOT)." This, he says, permits software to be written around business needs rather than programme needs and eliminates redundancy of processes and permits easy and quick adaptability to the changing needs. "We can save as much as 90% of the time required in conventional technology."

Mamis will be available in the Indian market by the first quarter of 1992 and in the international market by the third quarter. The cost will depend on the hardware and other needs but the average price is expected to be Rs 8 lakh and upward.

"Implementing a solution like this requires a cultural change in the organisation and it needs to be done in a phased manner," says Sunder. "We want people to work with computers. Not just on them."

And, of course, the company hasn't totally given up on Topview. "Although it hasn't done as well as we had expected, it is beginning to pick up," says Sunder. A die-hard spirit obviously pays dividends.

Quest's innovativeness might hold the key.

A STRANGE QUEST

From tea plantations to computer training may seem an unlikely diversification. But Chandan Mohan Vohra, the planter in question, is out to prove that computer training institutes are very much his cup of tea. "What started as a need developed into an obsession and culminated in diversification," says Vohra.

Despite having brewed a modestly successful tea business (turnover for 1990-91: Rs 2 crore) Vohra, way back in 1985, set up Blue Chip computer centre at Dibrugarh. In March last, he opened Quest computer learning centre at Calcutta.

Quest offers a variety of standard courses, ranging from computer fundamentals to courses for today's executive. However, the batch size is restricted to 8-10 students since the emphasis is largely on practical demonstration. And each student gets a computer to work on.

Then there's the concept of 'user access' whereby Calcuttans will have complete freedom to use the local area network (Lan) system, software packages and other equipment available at Quest, at annual and hourly membership rates.

Innovative method. To survive amongst the rash of computer institutes currently developing all over the country, Quest will have to stray from the beaten path to stand out. And Vohra claims to have just the ticket: an innovative teaching method which focuses on the practical rather than the theoretical. "As a policy we do not teach any languages; only utility-based packages like Lotus, WordStar, financial accounting packages and the like," says Vohra. He has his reasons: with the infotech world becoming more user-friendly, computer languages are largely becoming obsolete.



VOHRA: *From tea to training*

Unlike most of its competitors, Quest does not offer any placement assistance, not even in the remotest sense of the term. Vohra admits this may be a handicap; after all, employment is the carrot that lures most youngsters to computer training schools. "But we are confident that students who have done courses at Quest will get jobs on their own steam and will not require any prodding or pushing."

But push, in some way or the other, he will have to. The investment of Rs 15 lakh in the centre has yet to dish out dividends as enrolment is still sluggish. Vohra feels that his background in tea has helped — he has been able to grab a few contracts from gardens that wish to go in for computerisation. Besides, he plans to set up a tea packaging unit in collaboration with some Japanese outfit.

But as far as Quest is concerned, it has only begun. Says Vohra: "I would like computers to be taught in a different way and, since thankfully Quest is not my mainstay, I can afford to prove my point." Will students buy that decoction?

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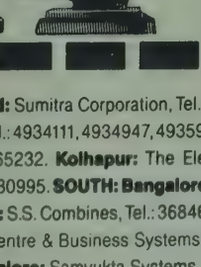
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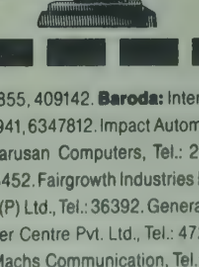


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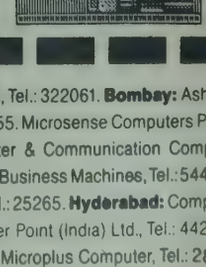




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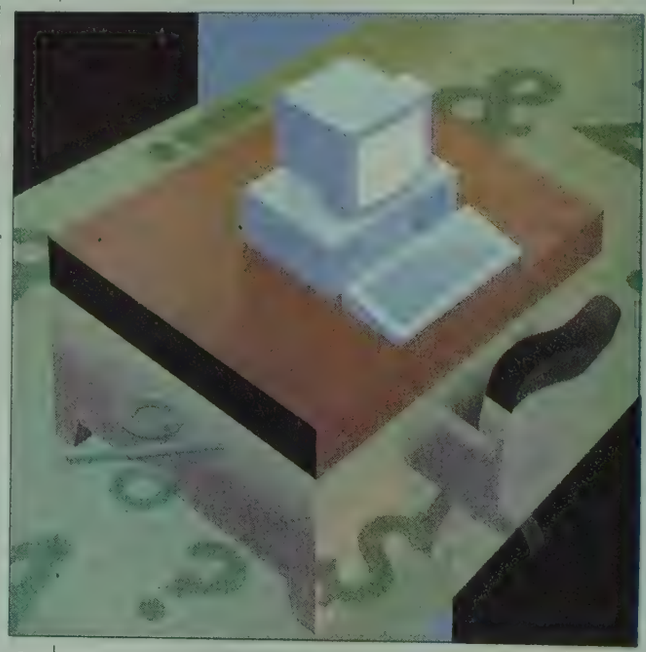
EXPLOITING A SPREADSHEET

Don't waste your time dreaming about "expert systems" and "artificial intelligence;" exciting as they may sound, you're unlikely to use either (in India, at least) for some years yet. Instead, it'll be worth your while to take a closer look at the closest thing to a devious, scheming and calculating computer brain that, although you don't realise it, is within your arm's reach — the spreadsheet.

After all, what is an expert system? If you cut through the fancy jargon, it is just a system that guides a user in taking decisions, given specific information. In day-to-day functioning, you come across situations where you need to know "what happens if" something changes, what chain reactions can take place when a change occurs. An expert system, in theory, should be able to answer your questions.

Suppose I want to know, in advance, how a client would react if I were to miss a deadline. Artificial intelligence, based on past history of such occurences and circumstances, should (again, in theory) be able to tell me how this client's mind works and therefore what his reactions are likely to be, even if they defy simple logic.

Now, what if I want to know what happens to my income tax if I invest Rs 20,000 in a mutual fund, instead of the National Saving Scheme (NSS)? I don't need an expert system or artificial intelligence; my spreadsheet will do nicely.



The basic function of a spreadsheet is to accept abstract definitions of relationships between variables and display the effect of a change in any one of these immediately. For example, you define a simple relationship between sales, cost and profits as: sales - cost = profit. You would provide inputs on sales and costs. For any change in either of these figures, profit changes automatically.

In a more complex situation, you have your income under various heads. The income-tax authorities allow different exemptions for different forms of investments like mutual funds, provident fund and NSS etc. But you have a certain maximum investible amount and would like to see the effect of shifting money across various available avenues. Again, these investments arrest money for fixed time periods. Therefore, if you decide not to invest in any of these, pay the additional tax and invest the balance in the stockmarket at an average 30% return, would you end up a loser or a gainer? What happens to the capital gains tax that would ensue?

Each of these calculations is interlinked and has some relationship with the other. And if you establish these relationships in mathematical terms so that you needn't repeat the same process, then you are using the PC effectively. Spreadsheets like Lotus 1-2-3 allow you to handle huge number manipulations with ease.

The spreadsheet is essentially a set of cells with unique addresses, somewhat akin to pigeon-holes. And any cell can be defined as a function of a number in any other cell or cells. It is this elegant structure that lets you define cell 3 (profits) as being equal to cell 1 (sales) minus cell 2 (costs) or as any other mathematical function. The basic function this allows you is that of entering numbers and labels. If you are calculating the return on investment for a set of organisations, you convert the exercise involved into a formula (say, profit/investment) for a single organisation which will stay constant for all of them. The package logically allows you to duplicate the relationship for all organisations through its 'copy' function to get the full picture. And when you have headings to identify what this maze of numbers is, it allows you to format all of them using the 'align' function to make things more readable. At the end of the exercise, you could define a range of cells and even ask for a printout of the same.

These are elementary functions, familiar to anyone who uses spreadsheets. But there are many functions and utilities beyond these that such packages are capable of delivering — many of which are little understood. We'll look at a few examples:

■ **Memos**: Finance and research executives dread the prospect of creating tables without text elucidations to go with them. When we've spent some time with a set of numbers, we tend to feel that the numbers are self-explanatory. Unfortunately, for those who use information to take decisions, numbers do not form a language of communication. Therefore, in general, you either create commentary on a word processor and attach it to the tables produced on a spreadsheet; or you transport the tables into a word processor and then add the commentary.

But many spreadsheets come with their own 'memo' utilities that few people ever use. Each cell, however narrow it appears, can store 240 characters. This can be formatted and directly used along with the tables, using a 'justify' command specifying the range you want to justify.

■ **Sort:** You've keyed in data pertaining to clients and the amounts they owe you into a spreadsheet in order to do some calculations. But you may want to use the same data to (a) identify the top 20% overdues, and later use the same data to (b) despatch courier boys area-wise, to deliver reminder letters. These appear like functions for database software. But your spreadsheet has some database capabilities to perform them.

The example quoted above can easi-

ly be performed within a spreadsheet, using a function that sorts data given a range, using the sequence /data range sort (the initial slash '/' is the command that gives you access to the main menu).

■ **Search:** The data function available on the Lotus main menu helps perform a range of pseudo-database functions. One that is worth mentioning is a 'search' facility. This is very similar to searching for specific information based on conditions in a database. Say you have financial information pertaining to various organisations from a stock exchange. You have calculated ratios based on this data. Now you wish to identify those organisations which have (a) a high price-earning ratio, (b) a minimum acceptable debt-equity ratio and (c) a specific track record of bonus issues. This, again, seems the sort of thing you'd do on a database package. But it can be performed effectively within a spreadsheet by defining the criteria in a 'data search' function.

■ **Statistical and financial functions:** The commonly-used statistical functions like averages, standard deviation, variance and totals would normally involve defining complex formulae. This is true for functions like internal rate of return, net present value, compound interest, depreciation, annuity and the like. You can use a spreadsheet to compute these in a jiffy, without even knowing any of the formulae.

Spreadsheet packages have a series of statistical, financial and trigonometric functions which can be useful to a wide range of people. These functions are predefined and hence no longer need to be the tools of functional specialists alone.

■ **Exploring a pie diagram:** Most users are aware that one can draw 3 kinds of graphs using a spreadsheet based on data fed in — line graphs, bar graphs and pie charts. Later versions of packages also provide 3-D display and printing of graphs. I often admired well-presented pie charts which actually pulled out a section and made it stand out, little realising that the Lotus package I was using had the capability to do the same. In fact, all it takes to produce this elegant form is defining an additional set of data. Say you've got the market-shares of your 4 leading competitors apart from your own. You wish to represent this in a pie chart. But you also would like to highlight your share. All it takes is to have a column by the side of this data with the column next to your share saying '101' and the rest of them having a zero value. You feed this in as data type B, and you will have your share shaded, detached from the circle and displayed.



Using the numbers 1,2,3 etc provides various types of shading inside each section, while adding a 100 to any of these numbers detaches that section from the circle.

■ **Extract:** If you are working with a large spreadsheet and you need to perform certain database functions with a section of the data, then there is little reason why you will want to burden yourself with shifting the entire spreadsheet to a database package. 'Extract' is a function that enables you to define a section of any spreadsheet that you wish to extract and define as a more compact file. This allows easier manipulation of data.

■ **Macros:** The prime purpose of the spreadsheet is to avoid repetitive complex recalculation. Yet, the number of functions involved in entering specific variables and formatting them the way you want may involve tedious work. Therefore, any series of actions you perform, if you need to perform those often, can be defined as a 'macro' function. These functions are, in fact, a series of key strokes that you would otherwise manually evoke, defined as one master stroke. This is the spreadsheet's way of allowing shorthand and can be extremely useful while feeding in large statements.

■ **LIM-EMS support:** Lotus allows a spreadsheet as large as one with 256 columns and 8,192 rows, meaning 2.1 million cells — and it isn't the biggest in the business. But using large spreadsheets, with a range of chain reactions defined, poses problems for the sheer hardware capabilities of earlier generation PCs. To overcome this, Lotus (the spreadsheet manufacturer), Intel (the central processing unit manufacturer) and Microsoft (the creator of the MS-DOS operating system) made a joint effort and provided an extended memory support facility that aids handling of large spreadsheets. This facility, called LIM-EMS, allows you to define any additional physical memory available as extended memory.

Of course, you must realise that although a spreadsheet may have a memo facility (and word processor and calculator facilities), these are meant only as minor extensions. Extended functional capabilities may be even more pronounced between a database and a spreadsheet. But don't expect your spreadsheet to act as a full-time word processor or database.

□ S. Prabhakar
The author is a senior research planner at Ogilvy & Mather.

THE LEXICON

A glossary of infotech acronyms, words and phrases that go over the heads of everybody outside — and quite a few inside — the world of computers.

Modem: Short for modulator/demodulator. Used to interface computers with telephone lines for transmission of data.

Baud rate: Measurement of transmission speed, denoted as the number of bits transmitted per second. The standard rate on telephone lines is 1,200 bauds, or 150 characters per second.

Half duplex: Communication mode that allows only 1-way communication — wireless.

Full duplex: Mode that allows 2-way simultaneous communication — phone lines.

Baudot code: A 5-bit code used by telex machines to transmit messages.



Shri. O.P. Jindal, *Chairman & Managing Director*

EXTRACTS FROM THE ADDRESS OF THE CHAIRMAN, SHRI O.P. JINDAL, AT THE 20TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS ON SATURDAY THE 28TH OF SEPTEMBER, 1991.

Ladies and Gentlemen,

I heartily welcome you to the 20th Annual General Meeting of your Company.

I am happy to announce that your Company has done exceedingly well despite a year affected by the recession and Gulf crisis Internationally. And political uncertainties, violent agitations, double-digit inflation and a critical balance of payment situation closer home.

I also take this opportunity to welcome the bold policy initiatives taken by the new Government. I earnestly hope that the liberalisation of the trade regime, resulting in the consequent opening of the Indian economy and other structural reforms initiated by the Govt. will create an environment conducive to the overall development and growth of the economy.

Government Policies: Heralding In A New Era

The new Government has taken up the task of infusing life into the economy without wasting any time. By changing its orientation from one of regulation to one of development. The decisions aimed at delicensing, broadbanding, flexibility of project location, automatic approvals, and specially the removal of restrictions on companies covered by the MRTP Act, coupled with structural reforms like linking imports to exports, introduction of exim scrips and adjustment in exchange rates, I feel will go a long way in putting the economy back on the fast track.

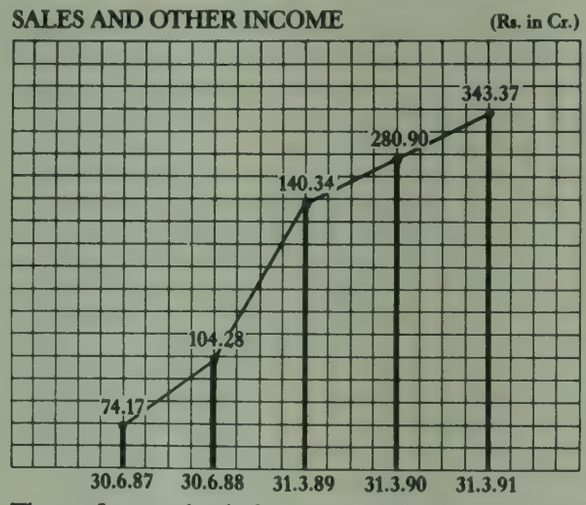
JINDAL ST
STRENGT

While its true that during the transition phase the going may be rough, in the long run these measures are expected to bring a never before era of prosperity.

The Government deserves and must get full support and co-operation from all of us in this tremendous task it has undertaken. Thi is a gigantic problem and all sections of society must act in a united manner for this common National cause.

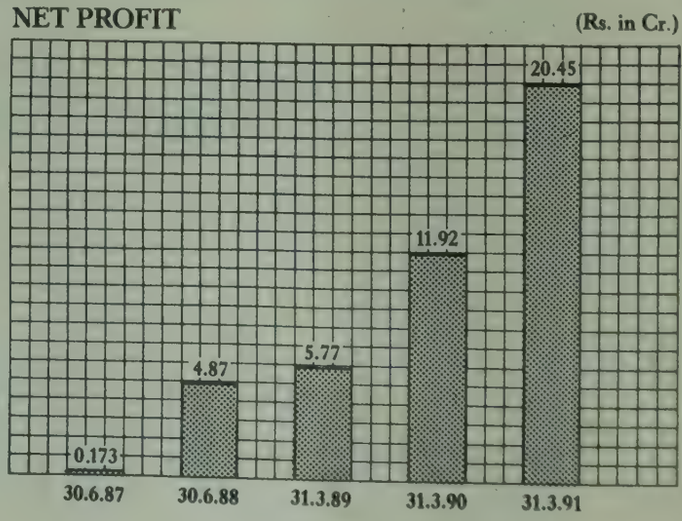
History Repeats Itself

It pleases me to announce that your Company has once again achieved remarkable growth in terms of production and turnover. The total income went upto Rs.343.37 crores this year as against Rs.280.89 crores in the previous year. Showing a growth of 22.24%.



The profit at net level after providing for depreciation of Rs.6.36 crores was at Rs.20.45 crores as compared to Rs.11.91 crores in the previous year. A growth of 71.00%.

The Directors have maintained a dividend of 40% on the increased capital after the conversion of fully convertible debentures. The dividend on the converted shares during the year will be paid on a pro rata basis.



PS. REINFORCING THE S OF STEEL.

This growth has been made possible largely due to the "technology mission" your Company has been pursuing ever since inception—of developing an indigenous technological base, and possessing the ability to manufacture sophisticated machinery in-house.

The salient features of the technology developed by your Company are: foreign exchange savings, 100% use of Indian raw materials, low investment costs and lesser gestation periods.

Continuous March Forward

The results of the "technology mission" pursued can today actually be witnessed in the success of the Hissar and Vasind units.

During the year, a major change in the product mix was achieved by the introduction of hot rolled strips of wider width. Your Company is continuing its efforts to widen its product range further and retain its leadership position in this industry. Your Company also installed and commissioned one more DG Set of 5400 KVA capacity at Hissar which will reduce dependence on purchased power.

The Vasind division is now producing state-of-the-art CRCA coils of DD and EDD grades to cater to the special needs of the highly sophisticated sectors of the automobile and refrigeration industries. During the year, balancing equipment was installed at Vasind which resulted in expanding the product mix and improvement in quality of the product to a great extent.

This technology upgradation, modernisation and expansion of capacities at Hissar and Vasind has ushered in a new era of productivity at these plants. Not only have there been overall cost reductions but also a consequent increase in profit margins. Today your Company produces more high value added products than ever before.

Moving Ahead With A Vision

To explore every possible avenue of growth your Company has plans to further modernise the Hissar unit and add various grades of alloy and special steels to its product range, which are currently being imported.

At Vasind, your Company plans to add to its existing stock of equipment and upgrade the existing manufacturing facilities. Besides expanding the CR strips making capacity to a level of 2.50 lac MT.

The emphasis of your Company is on producing import substitution items. Looking to the critical BoP situation, concerted efforts are also being made to export the products of the Company.

I would like to take this opportunity to bring to the Government's notice that the devaluation of the rupee and a 200% cash margin on imports has pushed up the cost of imported Nickel to an extent where it is severely hampering the production of alloy steel and special steel. There is no production of Nickel in the Country and alloy & special steel manufacturers are completely dependent on imported Nickel. Also cost of imported HR coils have skyrocketed because of the rupee devaluation and import curbs. I would therefore, request the Government to look into these problems and treat them with the same dynamism and foresight with which it has tackled the other problems facing the economy.

The Raigarh Project: Beginning Of A New Chapter

The first phase of the Raigarh project was commissioned in March, 1991 and production has since stabilised. Your Company has now decided to increase capacity to 6 lac tonnes per annum at an outlay cost of Rs.355 crores. The total project is expected to be completed by March, 1993.

For financing the said project, the Company will shortly make a rights issue of partly convertible debentures of an aggregate value of Rs.275 crores. The balance capital expenditure will be financed through term loans and internal accruals.

In tune with the changing times, your Company has ambitious plans for forward integration by way of putting up facilities for the manufacture of half a million tonnes of steel products, like HR coils and structurals. This will mean better control over resources, and production of value added items. Which will result in increased profitability. Your Company also has plans to set up a cement plant with a half a million tonne capacity at Raigarh utilising the slag generated during the process.

Here I would like to urge the Government to provide stronger infrastructural support in terms of movement of iron ore and coal from the mine head to the project site on priority basis. As also allocation of superior quality non-coking coal so that the present sponge iron shortages can be eliminated and a surplus of the product created.

Acknowledgements

I would like to express my sincere thanks to the Central Government, State Governments and All India and State level financial institutions and banks for their guidance, co-operation and support in full measure. I would also like to express my sincere thanks to the distributors and customers for reposing their confidence in us.

I will be failing in my duties if I do not express my thanks to the shareholders of the Company. The policy of the Company is to share prosperity and growth with the shareholders. The Directors have declared a dividend of 40% for the second year in succession. Besides, an attractive Rights Issue is expected in the current year.

I am also grateful to my colleagues on the Board, staff and workers for their enthusiastic participation for the growth of the Company.

Thank you

JINDAL STRIPS LTD.

This does not purport to be a report of the proceedings of the Annual General Meeting.

"WE AIM TO STAY AHEAD"

Zenith Computers' decision to launch India's first notebook computer has raised many eyebrows in industry circles. After all, the clutch of companies that had earlier tried to sell laptops failed miserably. The Indian buyer doesn't seem prepared to pay a premium for portability. Infotech experts are in consensus that Zenith is making a mistake.

On the other hand, there is no doubt that the Bombay-based company has pulled off a coup by tying up with 3Com, the American connectivity colossus. The deal fits nicely with Zenith's networking plans. Chairman Raj Saraf discussed these and other issues with BusinessWorld. *Excerpts:*

■ On the Indian market for notebook computers.

Until a couple of years ago, the average buyer wasn't prepared to believe that a machine smaller than his desktop could actually cost him more money. "Small" was equated with "cheap." That is one of the reasons why those who tried to sell laptops failed miserably. Besides, the laptops in question didn't deliver the performance of ordinary desktops; so it really didn't make sense to pay that much more.

But things have changed. We believe there are a number of people today who will be willing to pay a reasonable — not exorbitant — premium for the utilities of a good notebook. We'll a deliver a 286-based notebook for around Rs 65,000 and a 386-based machine for Rs 1.25 lakh. If we didn't think there were buyers, we wouldn't be risking our necks, would we?

■ On Zenith's notebooks.

We've tied up with Texas Instruments (TI) for its TravelMate 2000 and 3000 machines. They have been rated among the best in the world by international experts and have received glowing reviews from the leading infotech magazines. TI manufactures these notebooks in collaboration with Sharp of Japan. Need I say more?

■ On his sales target for notebooks.

We're targeting the machines at corporations as well as individuals. The defence sector is another promising market. We will be out with the machines by December. In the first 6 months, I'm fairly confident we can sell 1,000 machines.

■ On the tieup with 3Com.

It was the obvious thing to do. We're making our mark as a networking company and 3Com specialises in interconnectivity products. In order to grow in India, we need 3Com's hardware and expertise.

The tieup came at the right time. We could have done a deal with them 3 years ago, but we didn't because there was no demand for complex networks like Wans (wide-area networks). Now, with the opening up of Indianet, gateways and the improvement in telecom facilities, demand is growing, and fast. We anticipate a lot of business from the government, public sector undertakings and large private sector corporations.



■ On the state of the networking business in India.

Oh, it's booming. There's no escaping the fact that networking is here to stay. We pioneered the concept of local area networking (Lan) in India long before others came up with me-too products, and we aim to stay ahead of the competition.

A lot of companies are doing Lan work now — HCL, Wipro, Modi Olivetti and Digital, to name a few. But we have the advantage of being pioneers and specialists. Now, we've got this 3Com deal through. I've no reason to fear any competition.

■ On the prospect of multinationals entering the fray.

Let them. I don't see any harm in that. But why should multinationals come to India? The domestic market is too small to be an attraction. And most of the big global players have more manufacturing capacity worldwide than they really need; they won't set up plant and machinery in India simply because we've liberalised our economy to some extent.

Digital, Hewlett-Packard, ICL, Olivetti and Bull are already in India, and IBM is on its way. But I don't think many other multinationals will make a beeline to New Delhi.

■ On Zenith's long-term ambitions.

Well, we've already established ourselves as a networking company. That will continue to be among our main areas of specialisation. We will always be a connectivity company. In addition, we're also in the Unix market with some good machines. Now we've got notebooks, too.

We've had a history of bringing new products and technologies to India — even at the risk of failure. I'd like that tradition to continue.

■ On rumours of Zenith seeking a foreign equity partner.

Out of question. We won't go in for an equity tieup with any foreign company for the simple reason that we don't intend to be tied down to a single company's products.

■ On Zenith's targets for 1991-92.

If you look at our growth chart, you'll see that we've always been slow and steady. This year, we're hoping to post revenues of around Rs 40 crore, compared to Rs 28 crore in 1990-91.

LAUNCHES

■ Solapur-based **Ipcon Marketing** has launched FoxPower, a personal computer power protection card that promises to spare PC-users the agony of data loss due to sudden electricity failure. The card automatically saves your work in such cases. And when the power returns, you can bring your machine back to its previous status at the stroke of a single key.

The manufacturers claim this card also increases the life of a hard disk by automatically parking the heads each time the machine is switched off.

Easy to instal, FoxPower can run on IBM-compatible PCs, XTs, ATs, 386s or 486s. **Contact:** Ipcon Marketing, Shrikrishna, Bldg No 11, Flat No 2, 3rd floor, Survase Nagar, Hotgi Road, Solapur 413 003. Phone: 22647.

■ **Abacus Computers,** the Bombay-based desktop publishing pioneer, has come out with a new PC-based multimedia package, christened MediaFX.

The integrated package enables the system to avail of inputs from printed materials, photographs and live-video clips — and output these on paper, overhead transparencies, high-resolution 35 mm slides, or even on video cassettes. Images can also be projected on large screens directly from the PC.

Conventional PC units can be upgraded into powerful "video-graphic workstations" with the inclusion of the necessary hardware. MediaFX can be used in the creation of high-resolution broadcast-quality presentations with 3-D modelling. It can also be used in the creation of business graphics and corporate presentations.



The product comes in three different configurations, with prices varying from Rs 75,000 to Rs 6 lakh. The typical pricing for a corporate presentation system would be around Rs 2.30 lakh. **Contact:** Abacus Computers, 816 Dalamal Tower, Nariman Point, Bombay 400 021. Phone: 2040888/2872309.

■ Bangalore-based **Visesh Technology** has introduced a novel attendance recording package for factories and offices. The Visesh Walkthru barcode reader is claimed to offer total solutions, from attendance recording to time office management. It is also fully integrated with Visesh Paypac, a payroll package.

The unit is fully automatic and virtually maintenance-free. It is software-driven, so each user's requirements can be programmed and supplied by Visesh. **Contact:** Visesh Technology, 325 CMH Road, Bangalore 560 038. Phone: 565600/569291. Fax: 565090.

■ The latest in the **TVS Electronics** family of dot-matrix printers is the MSP 145. At 240 characters per second (cps), this 9-wire machine is a direct upgrade of the MSP 45. It is supported by a wide range of unique paper-handling facilities, including a friction feed device that helps load single sheets smoothly and automatically.

Another interesting new feature is the "zero tear-off" facility, which allows continuous stationery to roll back to the top of the form, automatically, once the printed sheet is torn off. This is particularly useful in applications like computerised ticketing, on-line invoicing and cheque printing. **Contact:** TVS Electronics, 44 Miller Road, Bangalore 560 052. Phone: 262526. Fax: 268545.

HAPPENINGS

■ It looks like **Aurelec** has finally shrugged off the threat of a government takeover that almost brought the Auroville-based hardware manufacturer to its knees last year.

The company has wowed rivals with its 3AT6-40 local area network (Lan) fileserver, which runs at an incredible 40 MHz and performs at 9 million instructions per second. The machine clearly outpaces the new generation of i486SX based computers.

Another new feather to Aurelec CEO Kalya's cap is the company's recent appointment as official Indian distributor of Platinum Series 2.0, an internationally-acclaimed accounting software package developed by Price Waterhouse and Advanced Business Microsystems of the US. That the product is endorsed by IBM speaks volumes for its quality.

As Aurelec's competitors — particularly in the Lan market — hold their breath in anticipation, the company's customers must be heaving a sigh of relief.

■ After the fiasco that was the Computer Society of India's recent exhibition in Delhi, the industry looks, more than ever, to the Manufacturers' Association for Information Technology (**Mait**) for some constructive efforts to spread the computer culture.

And the association has wasted no time in taking up the task. Mait has promoted a think-tank, comprising top marketing executives from 13 major companies, to identify the need for information technology in the various segments of the national economy and, thereby, increase the domestic demand for infotech products.

Project InTeND (information technology for national development) is led by Mait chief Rajendra S. Pawar. The companies whose marketing chiefs will be involved are: Wipro InfoTech, PCL, HCL, Modi Olivetti, ORG, TCS, Sonata, ICIM, Blue Star, DCM, OMC, Digital Equipment India Ltd and Zenith. The first meeting of this think-tank was addressed by department of electronics (DoE) secretary N. Vittal and National Informatics Centre (NIC) chief N. Seshagiri. DoE and NIC have agreed to help the 5 task-forces set up under the project to cover the areas of defence, power, land records, banks and industry.

Watch this space for further developments.

■ PRODUCTION COST : ↑ ■ PROFIT : ↓

PITY : YOU MIGHT LOOK AT ENERGY CONSERVATION



Your machinery is modern, your product is great and your cost of production a little above competition. So to compete in the marketplace you reduce your margins. In other words you dip into your profits.

But with a little search for the culprit you can start the long haul back to lower operational costs.

If you're part of an industry that uses traditional insulation materials, you'll probably discover heat losses are driving up your production costs.

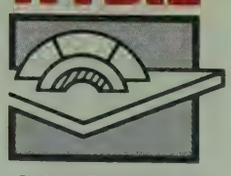
That's why it makes sense to use a new generation insulation material —HYSIL.

Because Preformed Rigid HYSIL Thermal Insulation material conserves heat more effectively at higher temperatures and allows the designed temperatures to be maintained in the furnace, oven, pipeline, or any other area requiring energy conservation. HYSIL is not affected by foot traffic, mechanical abuse, or weather conditions. Enabling it to be installed on pipes within the plant, or outside. And its limiting temperature is as high as 950°C. HYSIL is reusable. The physio-thermal properties of the product remain unchanged during its entire life, which spans decades.

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HYSIL



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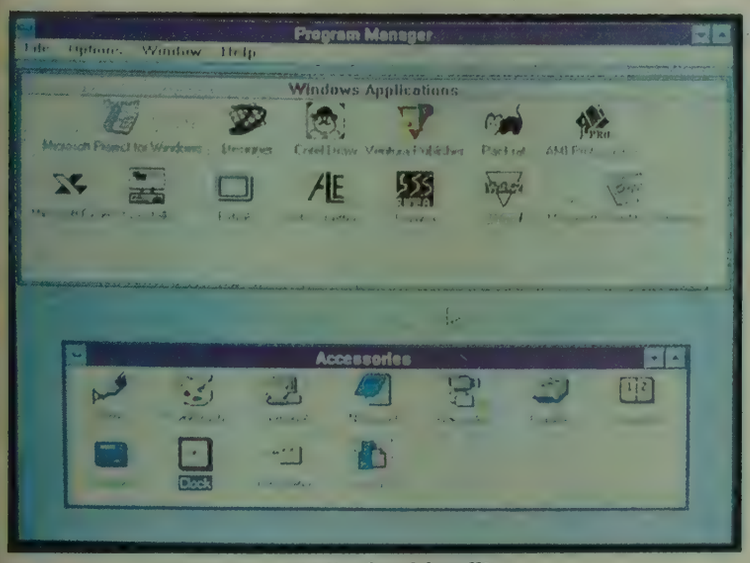
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IT'S ALL ABOUT WARMTH

The stage for the showdown between **IBM** and **Microsoft** is being readied. IBM's new OS/2 introduction, known as OS/2 2.0, aimed at undercutting Microsoft's Windows' momentum, has been postponed by 2-3 months, thus giving Microsoft some breathing space as its new Windows version is not expected to hit the market till early next year. Since both products control the basic functions of a PC, whichever company wins the battle will not only rake in hefty revenues but also set a standard for the rest of the PC industry.



MICROSOFT'S WINDOWS: *IBM's deathknell?*

For IBM, it is a make-or-break situation as it has lost much of its credibility on OS/2. According to industry executives, the reason for IBM's delay is its decision to add more capability to its new software.

Most of us know William Gates as the billionaire CEO and co-founder of Microsoft. But as a philanthropist — and that too, to a biotech cause? Recently, the University of Washington's medical school announced it had received a $12 million personal gift from Gates that allowed the school to lure a star molecular biologist away from California Institute of Technology. Biotechnology is one area which Gates feels "is, after computers, the most interesting and most impactful in research today."

Most customers see red when confronted with today's prices of colour printers. However, **Hewlett-Packard** (HP) of the US has unveiled a low-cost "ink-jet" printer, the DeskJet 500C, that can print in colour — and on plain paper. Most colour printers require specially-coated paper that is far more expensive than plain paper.

Ink-jet printers use tiny nozzles to spray minuscule ink drops on paper. HP's new machines will print in colour with a special disposable ink cartridge and in black with a conventional ink cartridge.

HP had earlier introduced a version of the DeskJet for Apple's Macintosh machines. The new machines are compatible with IBM's PCs and are priced at $1,095.

Industry-observers expect the colour ink-jet printer market to grow from $110 million in the US last year to $600 million in 1992. And HP is aiming to grab a lion's share of that growth.

Until recently, **HP** and **Motorola** sold their workstations through direct sales forces and so-called value-added resellers (highly-specialised dealers who tend to sell complex packages of computer equipment, software and service). However, both these US companies have decided to sell workstations through mass-market dealer **MicroAge** of Tempe, Arizona. HP also plans to sell through Intelligence Electronics of Exton, Pennsylvania.

The two computer makers see their foray into the "dealer channel" as a giant step toward broadening their workstations' appeal beyond traditional markets among engineers and technicians. Thus, they have taken the path followed by Sun Microsystems and Digital Equipment which has already signed on such dealers.

The uncharitable would attribute it to the availability of cheap labour. **Nihon Unisys** of Japan is to set up a joint venture in China to develop computer software. The new company, **Kaiyu Soft Engineering** has been established in Beijing and capitalised at ¥170 million. The Japanese company's stake will be 70% while the remainder will be held by the Chinese government.

The company will design application software for Japanese clients and is expected to score around ¥700 million in revenue from 1995. By then, Nihon Unisys plans to hire around 200 software engineers, most of them Chinese.

IBM is going hell for leather for the European market. The world's largest computer maker has spelled out plans to sell its products and services throughout Europe under other manufacturers' labels.

The aim: to make available virtually all its hardware, software and services to other makers to brand and sell as their own. Says IBM's European general manager Jack Hockley: "Our goal is to persuade European manufacturers to source from Europe rather than the Far East."

The original equipment manufacturer route to distribution is common in the computer business but is comparitively new to IBM, which traditionally builds products only for its own customers.

IBM IN EUROPE: *Lending its products to other labels*





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PRODUCTS & PROCESSES

FLEX-LINK CONVEYOR SYSTEM

SKF Handling Systems of Sweden has perfected the Flex-Link modular conveyor system, which utilises a unique new close-fitting plastic chain as the system's backbone. The Cardan-jointed links and their special design allows the chain to bend both horizontally and vertically. This enables the conveyor system to be put together in myriad different configurations to suit a very wide variety of creative and innovative applications ranging from manufacturing, assembly and packaging in industries such as automotive, electrical, engineering, chemicals, cosmetics, foodstuffs, paper, consumer goods and pharmaceuticals among others.

HEAT DEFYING CHOCOLATE

Though chocolates are meant to melt in your mouth, in tropical climates, they also tend to melt in your hands, shirt pocket or handbag. Renowned American chocolate



and candy manufacturer Hershey, however, has successfully developed a chocolate bar that can withstand temperatures up to 140°F and even then it only turns fudgy. (Conventional chocolate bars start to liquefy at 78°F.) Originally developed in 1990 for soldiers battling Saddam Hussein's forces in the Gulf, it has now been launched commercially under the Desert Bar brandname.

POWER FROM POULTRY MANURE

Here's more on putting waste to good use. Aalborg Ciserv International of Denmark is currently constructing a 15 mw power plant in the UK which will be fuelled by 1.25 lakh tonnes of poultry litter and manure produced by 6 million chickens on farms in its neighbourhood. The contract is for a complete package — boiler, burners, smoke scrubbers, as well as the buildings, the turbine and the generating plant. The Danish company will also operate and maintain the plant for the first 2 years after production begins in mid-1992. A pioneer in this type of technology, the firm has already completed its first (and a similar) plant in northern Ireland in 1990. Using chicken litter and manure as fuel apparently has many advantages. It eliminates disposal and odour problems and the ash which is returned to the poultry farmers after incineration is guaranteed to be uncontaminated by salmonella or other harmful bacteria. The fuel itself is a renewable energy source available locally throughout the year, and the process itself is cost competitive when all factors are taken into account. This firm is an offshoot of the Lauritzen group, one of Denmark's largest industrial, shipping and transport companies.

RANJIT HIRA



GARBAGE DISPOSERS

The age of American style home-appliances has finally dawned in India. In addition to refrigerators, washing machines, vacuum cleaners, rice cookers, microwave ovens etc, dishwashers will soon be available here. The domestic food-preparation, cleaning and disposal cycle, however, will be more or less complete once automatic garbage disposers are also installed in homes throughout India. The heavy-duty rugged units are installed below the outlet of a kitchen sink. Garbage is ground to very fine particles which are easily flushed through sewer pipes without any harm. Anaheim Marketing of the US is a leading supplier of these systems. Vegetables, meat, bones, eggshells, coffee, tea and fruit leftovers can all be simply flushed away.

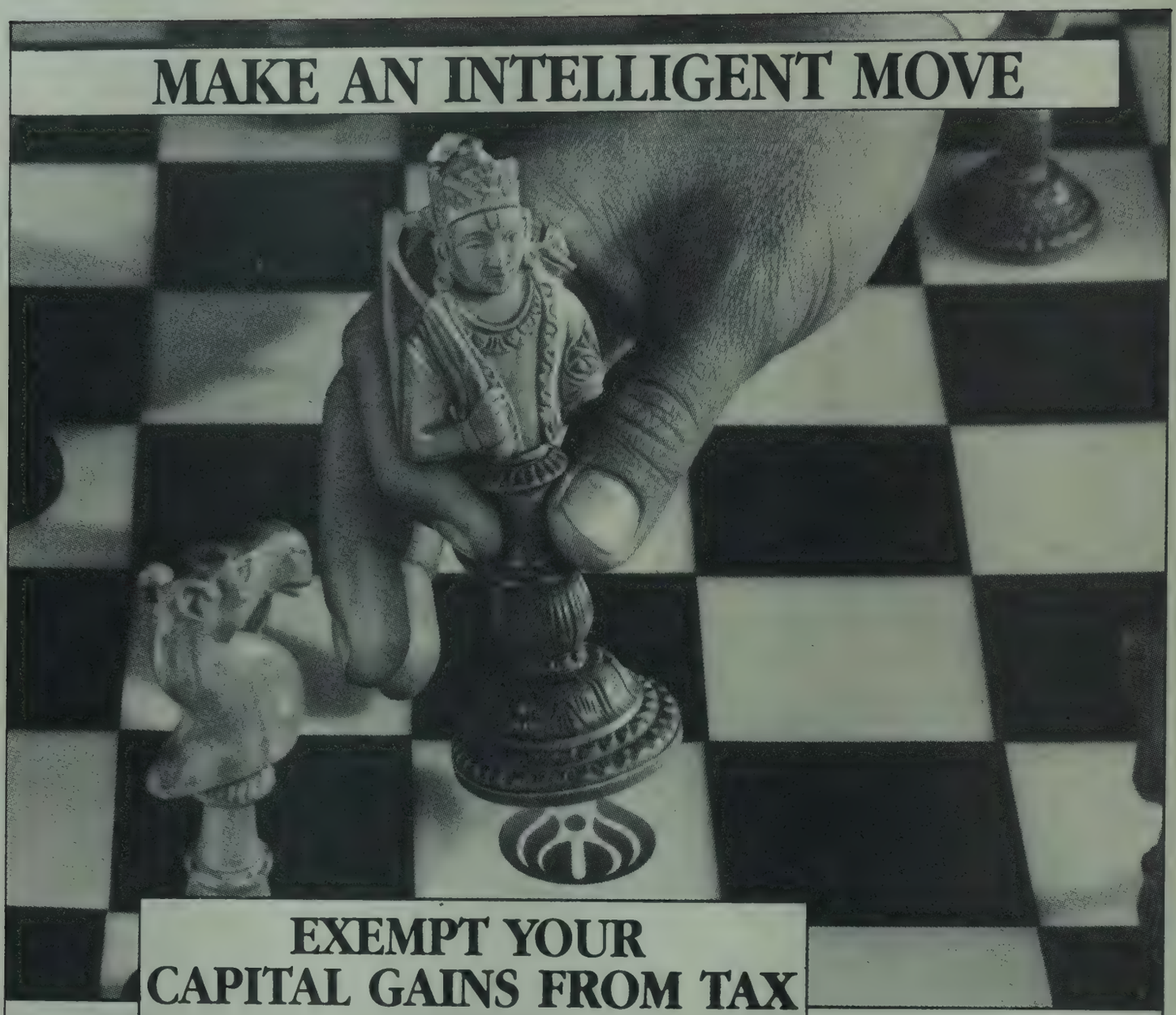
GAS STOVE FIRE EXTINGUISHER

Twenty First Century International Fire Equipment & Services of the US has developed a hood (fitted with 4 heat detectors) which fits over a gas, or an electric cooking stove. The moment it senses a fire the device releases a fire extinguishing chemical and also shuts off the stove. Normal conditions while cooking will, however, not activate the system.

Enquiries should be addressed to:
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• *The author is the editor of* Newventures Digest, *a magazine for entrepreneurs.*

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TIEUPS ON OFFER

US firm Hydroflo Corp has developed the HydroDAMP Pulsation Dampener which smoothens out pulsations from reciprocating pumps to produce an almost linear flow. Suitable for water and waste-treatment systems, this easy-to-instal dampener also eliminates the phenomenon of hydraulic hammer in pipelines.

It is available with 316SS, CA-20SS, PVC, or Hastelloy C wetted parts and Hypalon or Viton diaphragms in sizes ranging from 164-8,195 cubic cm gas volumes. Other materials can be specially ordered. The company is looking for agents.

Contact: Harry A. Black, vice-president, Hydroflo Corp, Dept CN, Plumsteadville, Pennsylvania 18949, US. Tel: 215-766-7867. Fax: 215-766-8290.

For those concerned about the growing hazards of pollution, this product could prove a godsend. US firm Intex II Enterprises has come up with the Super Wash cleaner and dispersant which, according to the firm, contains no hazardous petroleum, halogens or phosphorous compounds.

Formulated for petroleum-based cleaning problems, this water-based buffered alkaline chemical cleaner is nontoxic, leaves no residue and has no flashpoint. Featuring an indefinite shelflife, it can be used to clean car engines and transmissions, nuclear power plants, waterlines and hydroblasters. The company is seeking agents for the product.

Contact: Robert A. Pruett, marketing director, Intex II Enterprises, Dept CN, 90 S. Spruce Avenue, Ste L, S. San Francisco, California 94080, US. Tel: 415-952-6472. Telex: 4960-6807 INTEX. Fax: 415-952-7465.

Singapore-based Advanced Systems Automation has come up with a device which Indian entrepreneurs could find profitable to introduce in the country. It is a fully automatic multi-chase, multi-plunger moulding system termed the ASA-808.

The system can either be operated as a stand-alone unit or linked with other manufacturing systems. According to the company, it is one of the smallest 8-strip automatic moulding machines in the market. The ASA-808's moulding station consists of 4 individually-controlled transfer presses, and there is minimum distortion even if 1 or 2 are down for maintenance.



The high precision mould is made of high-alloy steel and powder metallurgy steel. With its multi-plunger system, the problems of wire sweeps, voids and incomplete fillings are minimised. The ASA-808 employs a modern programmable logic and advanced microprocessor control with graphic display on a colour monitor. It is able to display and monitor the processes with graphic simulation, temperature and pressure charts and fault checking with historical data error.

Contact: A.R. Shanbag, local centre director, Singapore Trade Development Board (Enquiry No STN 91/4-10), 88A Jolly Maker Chambers II, Nariman Point, Bombay 400 021. Tel: 2040732. Telex: 11-86165. Fax: 2045051.

French company AOIP Automatismes has come up with progressive starters — RED Statormatic starters for squirrel-cage motors and RLV Vapormatic starters for slip-ring motors — that make use of electrolytic technology. They can start asynchronous motors of up to 750 kw.

RED's operating principle is the decrease in an electrolyte's resistance that occurs as it heats up. This increases the voltage at motor terminals, along with the motor torque; thus the motor increases smoothly and progressively to full speed.

The RLV is based on the difference in resistivity between a liquid electrolyte and its steam. Once it has been pressurised, a partial vaporisation of the electrolyte immediately occurs. This adjusts resistance and starting torque to optimum values. During the run-up time, internal heat exchanges make it possible for the liquid steam to mix together, while resistance is progressively decreased.

RED and RLV starters, the manufacturer claims, are very robust and simple. This is due to the fact that they do not possess a single moving part.

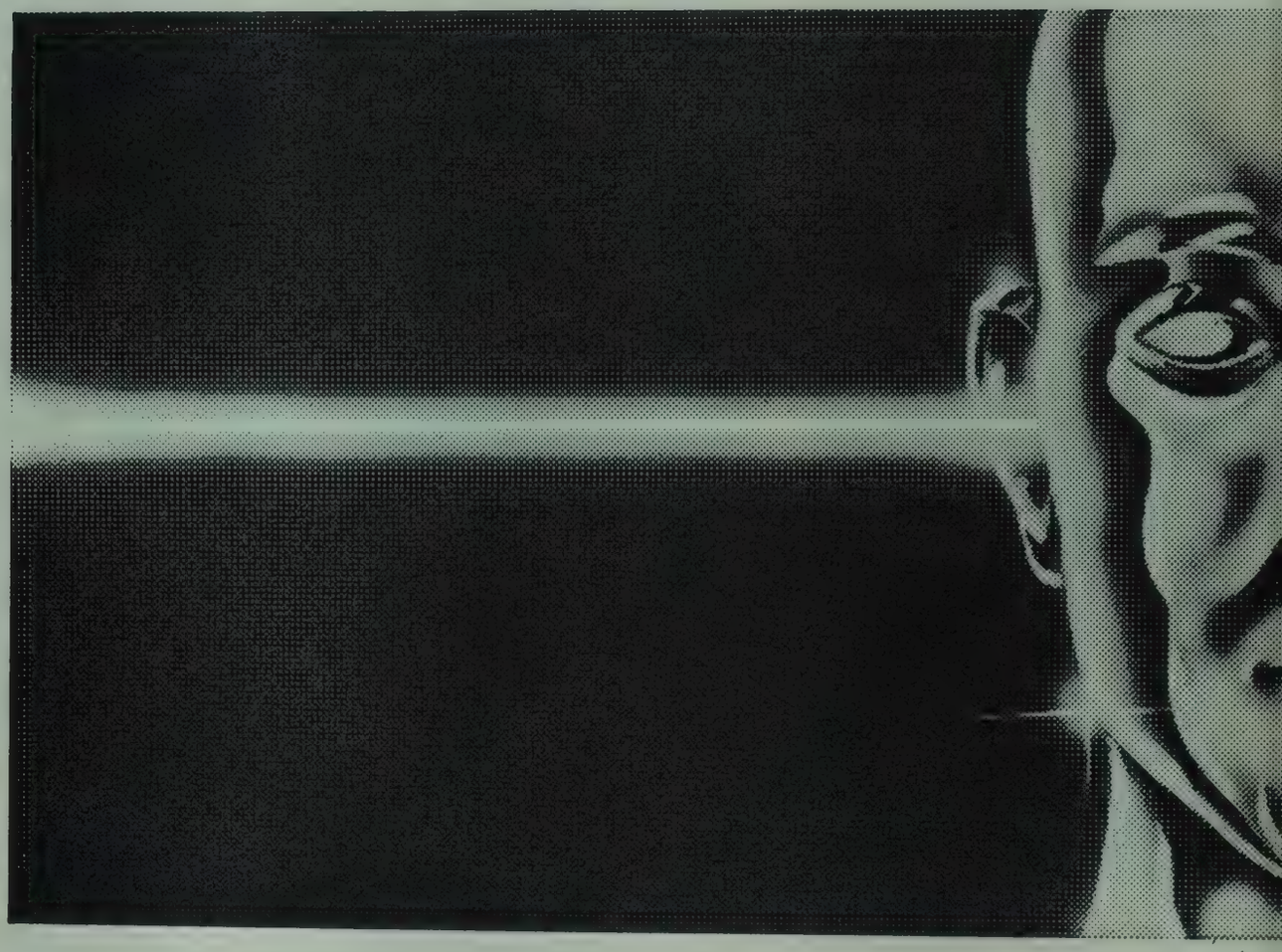
Contact: AOIP Automatismes, ZI de St Guenault, Rue Maryse Bastie, BP 86-91003, Evry Cedex, France. Tel: (33)(1)60778301. Fax: (33)(1)60778297.

The Institute for Electronic System Development (Austria), along with Austrian storing technology firm Hainz, has developed a device for use in the long-term storage of fruit and vegetables. With this device, crops can be kept fresh 3 times longer and free from the influence of toxic substances.

The gadget controls all the factors necessary for optimum storage of the goods concerned — temperature, air humidity and oxygen and carbon dioxide content. Crucial values are measured every 2 minutes and reproduced on a liquid crystal display. Every 2 hours a log is printed out, an alarm being triggered if the desired values vary from the ideal.

Contact: Richard Hainz & Co, Hietzinger Kai 93, A-1130 Vienna, Austria. Fax: 0222/8285407.

PERFORMANCE THAT'S AS STRONG AS STE



IT'S ONLY NATURAL THAT WE ARE NOW DIVERSIFYING INTO HI-TECH STEEL PRODUCTS.

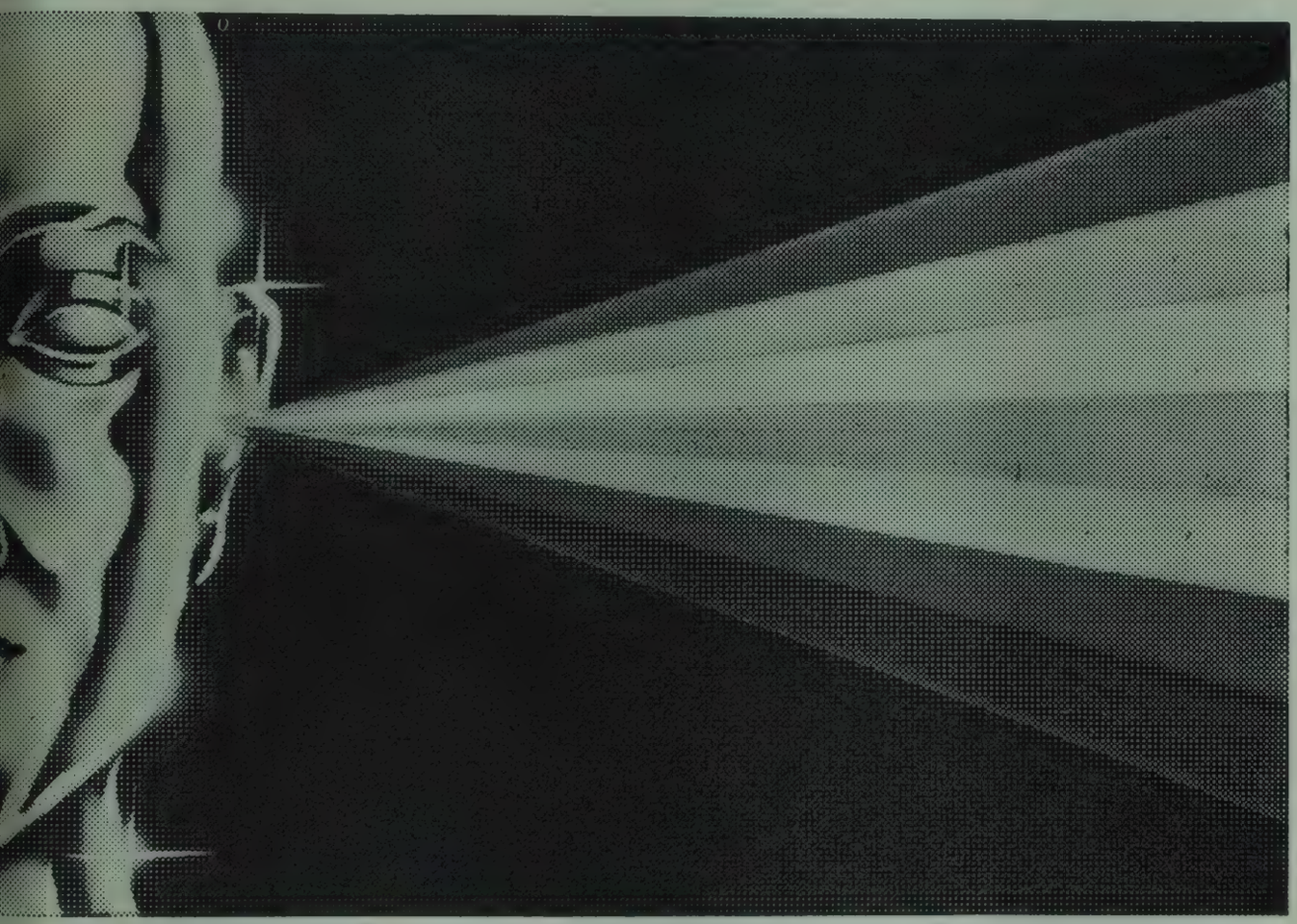
At Rajinder Tubes we believe that professionalism pays. We have cultivated a deep commitment to quality which in turn ha helped us come out with steady results year after year. For the 15 months ended 30.6.91 sales and other income amounted to Rs. 5692.79 lakhs and estimated net profit is Rs. 271.26 lakhs. For the year 1989-1990 besides a dividend of 25%, bonus shares were issued in the ratio of 2:5.

Progress at Rajinder Tubes gathers momentum as a significant diversification programme is being implemented.

A new plant is being set up at a cost of Rs. 1800 lakhs at Kanpu Dehat, U.P. for the manufacture of cold rolled products and precision tubes. The project has been appraised by IDBI and is being assisted to the tune of Rs. 1200 lakhs by IDBI, All India Financial Institutions and Banks.

Products to be manufactured at the new plant have a rapidly growing applications in a wide range of

RETURNS THAT ARE AS SOLID AS STEEL.



stries, automobiles, bicycles, transformers, boilers, furniture, ay coaches, steel crates, general engineering, household liances and many others.

The company has successfully implemented trial runs for rolled steel strips. The product has been well received in the ket. The demand for cold rolled steel strips in particular is y in excess of present availability and projected sumption.

In the very near future the manufacture of hot rolled strips coils which are import substitutes with a huge demand will nvisaged. This will be a backward integration catering to of the company's raw material.With the enhancement of its luct mix the company expects to achieve even better results rms of turnover and profitability.

Yes, Rajinder Tubes is getting set for the big league. Getting carve out a niche, with the everlasting strength of steel.

RAJINDER

TUBES LTD.

Regd. & Head Office: 'Rajinder House' 117/H-1/303 Model Town, Pandav Nagar, Kanpur 208 005.

The success story rolls on

Cable manufacturers reel under raw material shortages.

COPPER CRISIS

There is nothing in the coffers for copper; India is going through a severe copper crunch these days. This is a direct fallout of the overall foreign exchange crisis: around Rs 600 crore per annum is spent in importing the red metal and, at the moment, India simply can't afford to fork out these greenbacks.

The result: the downstream telecommunications and cable manufacturing industries are facing tremendous uncertainty. Confirms Nicco Corp co-chairman Abhijit Sen: "We are in the midst of a raw materials crisis and have had to cut down on production." And this scenario holds true for all his industry confreres as well.

According to the homework done recently by an inter-ministerial review group, the total estimated demand for copper during 1991-92 is projected at around 1.5 lakh tonnes. Of this, hardly 30% will be supplied from indigenous ore mined in Bihar and Rajasthan by the public sector Hindustan Copper Ltd (HCL). Besides, approximately 40,000 tonnes is slated for conversion from imported cathodes to continuous cast copper rods at HCL's Taloja plant in Maharashtra. The rest is directly imported by the Minerals & Metals Trading Corp (MMTC) and distributed to end-users on a quota basis. Amongst the latter, a few make purchases via the replenishment (rep) licence (now exim scrip) route — although this is rarely cost-effective.

The demand-supply gap for copper is expected to further widen

Depleting stocks. In recent weeks, with no foreign exchange being released for the purpose, both HCL's and MMTC's imports have dried up. At Taloja, for instance, the stock of imported cathodes is not getting replenished: insider reports indicate that last month only 6,500 tonnes of cathodes were in stock. Both HCL and MMTC have axed end-users' quotas severely: only 40% of their requirements were being serviced and that too unevenly.

Compounding the confusion, as it were, is a notification-raj legacy according to which copper cathodes are allowed to be imported via the exim scrip route but imports of copper wire bars are still canalised through MMTC. The trouble is MMTC has no free foreign exchange allotments. True to the red-tape copybook, wire bar imports have stopped.

Surprisingly, instead of clamouring for decanalisation of wire bar imports, users are lobbying the government to canalise cathodes as well and then simultaneously release foreign exchange to MMTC. The reason is simple: no one wants to pay the exim scrip premium if he can help it. So far, the government has not obliged.

Unfortunately, the copper scenario is unlikely to mend itself in a hurry. The demand-supply gap is projected to widen with time. By the end of this decade, the consumption level is slated to climb to 3.2 lakh tonnes per annum (tpa), while indigenous production can touch at best 1.7 lakh tpa — that too, only if all of HCL's exploration and capacity expansion schemes are completed without cost and time overruns, which is doubtful. Even in the most optimistic situation, it will cost a minimum of Rs 1,500 crore in foreign exchange to bridge this gap. Nobody has any bright ideas where all this money is going to come from.

At HCL, at least, no dramatics in upping production or improving supply can be expected. Lately, HCL has been rendered topless with the sudden premature retirement of chairman & managing director P.V. Venkatesan (see Offstage item p 144 in this issue). As filling up this vacancy involves the entire rigmarole common to all public sector appointments, it seems HCL is destined to remain topless for quite a while yet. At the ground level, respective executive directors R.C. Mehra (of MMTC) and S.R. Khastgir (of HCL) are jointly — and bravely — holding the fort, trying to ensure a fair deal for end-users notwithstanding the incumbent crunch.

Meanwhile, the administered price of copper is going up with alarming frequency, the impact of devaluation apart. Besieged by so many imponderables, and with nary a solution in sight, it is hardly surprising if cable-makers like Sen find themselves all wound up.

□ Sujoy Gupta

SEN: *In the midst of a crisis*



A new rush area emerges in medical electronic equipment.

CHANGING TRENDS

They are the MEE-toos: the host of companies entering the medical electronic equipment (MEE) market. In an arena dominated by Siemens, the me-toos have an eye on making major inroads courtesy foreign collaborations. The past few years have seen a spate of tieups. Wipro forged an alliance with US monolith General Electric (GE) and Indchem with Advanced Technology Labs (ATL), while Blue Star and Toshniwal entered into marketing deals with Japanese giants Hitachi and Shimadzu, respectively.

All this is very necessary. In a scenario where technology is changing overnight, Indian companies, with no R&D to speak of, have to depend on the hitech handouts of their foreign partners. And in a freer clime, the big boys of the developed world are evincing greater interest.

Clearly, the competition in this Rs 200 crore plus market is hotting up. But there are some hitches. In the past, growth at 12-15% a year has been nothing to write home about. Today, there are further problems: there has been a steep hike in the prices of high-end imported equipment (thanks largely to the rupee depreciation and strict import curbs). The result: a temporary stagnation in the overall MEE market. But, worried though they are about the short term, the players are getting their act together for tomorrow's big push.

Growing segment. The marketplace is also changing somewhat. The fastest growing segment today is ultrasound (sonography) which has been recording an annual growth rate of 20% as compared to 10% in X-rays, 12% in computed axial tomography (CT) and 15% in magnetic resonance imaging (MRI). "There are 3 reasons for the popularity of ultrasound — it is non-invasive, less expensive and easy to instal," says PMS India director R. Nibbelink. (PMS India is a joint venture between Philips Medical Systems of the Netherlands and Peico Electronics & Electricals.) But Siemens executive vice-president (medical engineering division) S.K. Patri does not feel that this will affect the sales of X-rays and CTs — fields where Siemens holds sway. Says he: "Ultrasound is only useful for broad initial diagnosis. For detailed investigations, gamma cameras and CTs will still have to be used."

At present, the ultrasound market-leaders are Indchem-ATL, (Indchem also has a marketing tieup with Toshiba to sell CT scanners), Philips (now PMS India) and Larsen & Toubro (L&T). Siemens, which is the leader in the overall MEE market (it has a 42% marketshare in X-rays, 60% in CT scanners and 70% in MRI), has only a 10% share in ultrasound. But the company is reportedly making an investment in an ultrasound facility in Bombay, to become operational by end-1992.





AN ULTRASOUND SCANNER (INSET. PATRI): *Fastest growing segment*

The No 2 in the MEE business, Wipro-GE, is also reported to be investing Rs 15 crore to set up a CT and ultrasound facility at Whitefield near Bangalore. Says Wipro-GE president D.A. Prasanna: "Through local production, we initially aim at a 15% share of the ultrasound market."

Others are eyeing the pie too. The industry grapevine has it that amongst those who may enter the ultrasound segment to manufacture low-end machines are Dalmia Fresenius Medicals, Cadilla, Torrent, the RPG group and BPL-India.

Although the ultrasound market seems to be booming, the entry of newcomers with the backing of large business houses will force the existing players to alter their marketing strategies. For the moment, however, they are content to wait and watch. Says Patri: "The main factors are reliability and proper infrastructure. Medical practitioners are bound to go in for established companies." He dismisses the possibility of the big names being affected by price wars likely to be sparked off by newcomers. "The price wars will be restricted to the new entrants with low-end machines."

If more newcomers do appear on the scene, one can expect many of them to strike deals with Japanese outfits as they are the biggest suppliers of components for ultrasound machines. But with the steep hike in the cost of imported equipment (the market for which has trebled in the past 5 years and today constitutes 70% of the industry's total revenue), indigenisation is fast becoming imperative. And the costs involved may be prohibitive. However, the pace of technology changes will force companies to keep in touch with foreign names: more alliances could be in the offing.

It's a replay really: strategic alliances have always played a crucial role in the MEE business. In 1987, even a giant like GE tied up with CGR-Thomson in the US; in a swap deal, it took over a MEE division of Thomson's in return for a part of its consumer electronics business. The switch helped GE beat Siemens to the first place in the US market and also opened up Europe for the company. It remains to be seen what such alliances can do for Indian MEE manufacturers.

□ Padma Kumar & Pradeep Kumar

The propylene glycol and polyol industry is facing an...

UNCERTAIN FUTURE

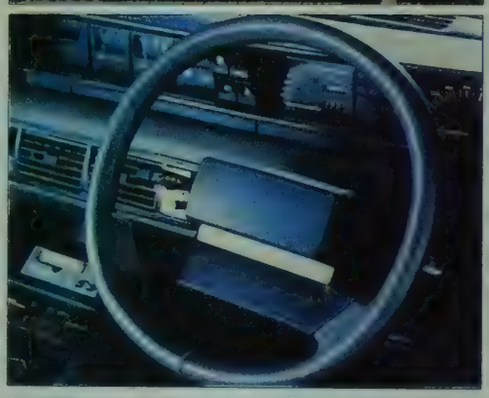
What's Sunil Gavaskar got to do with Manali Petrochem? What has the Australian Open got to do with UB Petroproducts?

A lot. The kind of leg guards which Gavaskar used and later handed down to Sachin Tendulkar were lightweight and made of polyurethane. The synthetic surface used in the grand slam tournament Down Under is made of the same material. Polyurethane, a kind of polyol, is manufactured by only 2 domestic companies — both based in Madras — Manali Petrochem and UB Petroproducts.

Both to-be giants monopolise the propylene glycols and polyols industry in India. Propylene glycol is used as a solvent in the food and drinks industry and in pharmaceuticals; as a chemical in the manufacture of polyester and as a humectant in tobacco. Polyols, on the other hand, are used in the manufacture of mattresses and insulators for refrigerators; they have successfully been used in the manufacture of steering wheels and bumpers in the new generation of automobiles that has hit Indian roads in the past few years.

For an industry whose scope is phenomenal, the two largest manufacturers wonder whether they will be able to manage a black bottomline in 1991-92. Hear their dilemma. "We are manufacturing import substitute items," declares Manali Petrochem managing director G. Raghavendran: "Most of the consumers of our products are small-scale users who mix the polyols with isocyanides which are imported into the country. Our consumers have taken a heavy beating in the past few months as a result of the 200% cash margin on imports. Since the ratio of isocyanides to the quantity of polyols used is 6:10, our offtake has dropped considerably. As a result, instead of the projected growth in demand of 15% per annum we have a mere 3% growth taking place." Even these figures seem optimistic if one considers UB Petroproducts managing director R.C.K. Gupta's view. According to him, instead of the anticipated 20% growth, the market has actually





SOME POLYOL USES: *No takers*

shrunk by 20% over the past few months.

Not surprisingly, installed capacity dwarfs demand. The combined domestic propylene glycol capacity is a combined 14,000 tonnes per annum (tpa) whereas demand is a bare 7,500 tpa. An almost similar scenario prevails for polyols. "As a result," says Gupta, "we are running at only 50-55% capacity utilisation."

Inflation has not helped either. "Here we have a product which has international quality," explains Gupta, "but we cannot compete abroad because our cost-structure is unremunerative. Propylene is our principal raw material. This costs Rs 8 per kg abroad whereas it is available to us at Rs 14.70 per kg. Besides, the cost of our plant is 1.8 times our collaborator's, the cost of our inputs is twice the rates abroad and our interest cost is again twice what it is for foreign competitors. How do you expect us to compete?"

Raghavendran too complains that the cost of inputs is shooting up faster than Manali Petrochem can hike the price of finished products. "The price of propylene has gone up 40% in the past 10 months, lime prices have jumped 30% and chlorine prices are also going up. From a projected breakeven level of 70% of sales, we are now up to a breakeven of nearly 100%. At this rate, we will find it difficult to come off clean at the cash level for 1991-92."

The first 6 months of 1991-92 have bashed the companies' bottomlines. For the remainder of the year, much will depend on how quickly India's economy rebounds. There are various polyol grades with the application differing with each grade. Flexible polyols are used in mattresses, semi-rigid ones are used in automobiles and moulded seats, while the rigid variety is used to make insulation for refrigerators (Godrej's PUF, for example).

According to Gupta, the government reduced the import duty for polyols that are used for manufacturing shoe soles from 150% to 40% in the recent budget. Says he: "Theoretically, it is a noble move to encourage the small-scale sector. What is going to transpire is different. I fear that dummy shoe-manufacturing companies may be set up principally for polyol imports. I am not saying that such polyols may actually be imported, but the customs officers may not be able to tell a particular grade from another, as a result of which there could be large-scale clandestine imports." He claims that the duty reduction will immediately lower the landed price per kg of polyols to Rs 45 against UB Petroproducts' ex-factory quotation of Rs 57 per kg. "At the moment, 6,000 tpa of this grade of polyols is being consumed. Even if half this amount is imported surreptitiously this will force the 2 companies to close down their operations, thereby resulting in loss of employment to almost 700-800 people," adds Gupta.

On such slender strands of duty reduction does hang the fate of 2 would-be winners.

□ Mudar Patherya

NEWS BRIEFS

■ The planning commission has decided to allow only **small hydel projects**, not exceeding 100 mw, in the eighth plan. This decision was taken at a meeting of the expert panel under Z.A. Quasim and representatives of the ministries of power and environment.

■ The government proposes to grant the Monopolies & Restrictive Trade Practices (**MRTP**) Commission the status of a court of records, says *The Economic Times*. This would empower the commission to prosecute parties which violate its orders.

■ The Board for Industrial & Financial Reconstruction (**BIFR**) has urged the government to take early action on its long-pending suggestion to amend the Sick Industrial Companies (Special Provisions) Act. This, the BIFR claims, will enable it to function more efficiently.

PITRODA: *Handing over charge*



■ Telecom commission chairman **Sam Pitroda** has been replaced by H.T. Wagle. Wagle took charge on 8 October. Pitroda will now be advisor (technology missions).

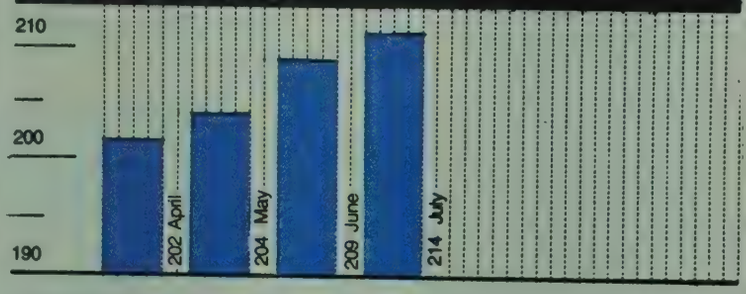
■ Finance minister Manmohan Singh has said the government will close down unviable **public sector units** and develop safety nets to ensure that the costs of adjustment are not borne disproportionately by the workers. Singh made this statement at the meeting of the board of governors of the World Bank and the International Monetary Fund (IMF) at Bangkok recently.

■ The Asian Development Bank (**ADB**) has agreed to provide a $300 million loan for the Rs 1,535 crore integrated Gandhar oil and gas development project.

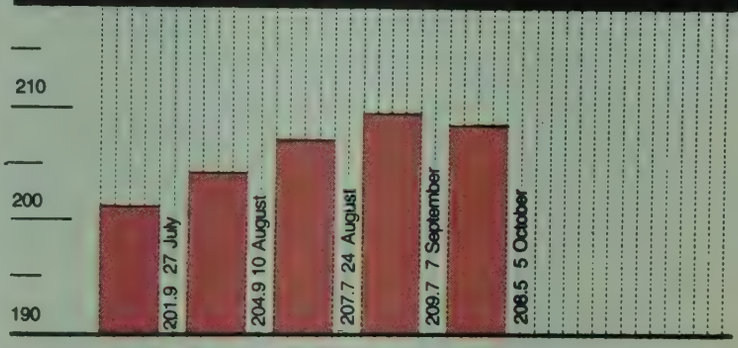
Foreign Exchange Rates (Spot) 1991

	21 October (Rs)
One P. Sterling	44.58
One US Dollar	25.83
One D. Mark	15.27
One hundred J. Yen	19.80
One Saudi Riyal	6.84
One Kuwaiti Dinar	89.57

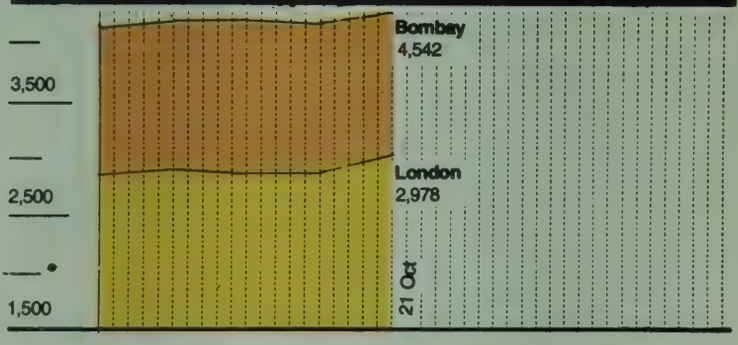
Consumer Price Index for Industrial Workers (1981-82 = 100) 1991



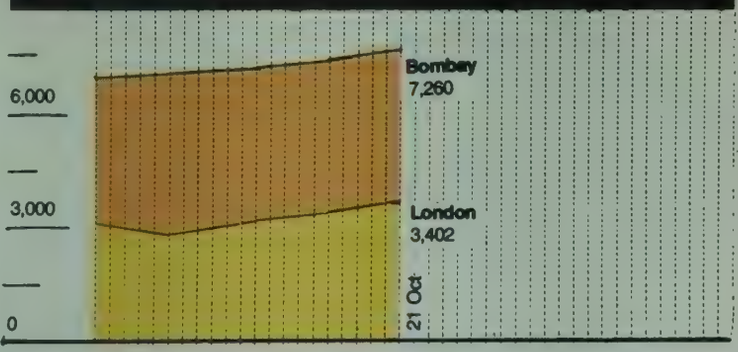
Wholesale Price Index (1981-82 = 100) 1991



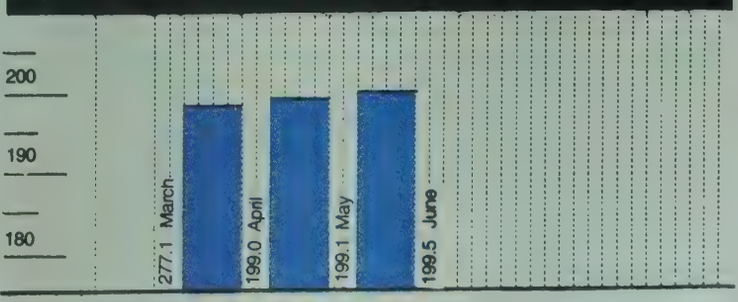
Gold (Rs per 10 gm)



Silver (Rs per kg)



CSO Index of Industrial Production (1980-81=100)



CECC bags a contract in Bahrain.

THE PACE-SETTER

If Wilf Pais of the Bangalore-based Consolidated Engineering Construction Co (CECC) is a happy man today, he has reason to be. Against stiff international competition, his firm has bagged a Rs 4 crore contract for cathode sealing and pot lining at Aluminium Bahrain's (Alba's) new plant taking shape in Bahrain. CECC was recommended to the job by Alba's technology consultant, Aluminium Pechiney of France. Pechiney was impressed by CECC when it successfully completed a similar operation at the National Aluminium Co (Nalco) plant in Orissa.

Says Pais, a no-nonsense civil engineer and partner of CECC: "Cathode carbon lining is a crucial job in any aluminium plant, and this is the first time an outfit from a third world country has been entrusted with it." Rivals who bid for the contract included such well-known names as York International and R.B. Hilton of the UK, Karreena of Germany and Cape of South Africa. CECC's bid was, of course, the lowest and it was lucky to find a local sponsor in a Bahrainian government concern, UBF Industries, headed by an Indian.

The Rs 4 crore contract — Rs 2.67 crore for pot lining and Rs 1.25 crore for cathode sealing — is essentially labour-related, with Alba supplying the requisite engineering and construction materials. CECC has already started shipping engineers and technicians to the plant site in Bahrain. Claims Pais: "Work is progressing ahead of schedule." Alba already has a 2 lakh tonne capacity plant going and when the current expansion is through (probably by next year end), capacity will go up to over 4 lakh tonnes, making it one of the largest aluminium plants in the world.



PAIS: *Man of innovation*

Innovative job. CECC, says Pais, believes in innovation. And an innovative job it recently completed was to employ, for the first time in south India, a hydraulic jacking system for the fabrication of 3 large diameter fuel-oil storage tanks at Bharat Petroleum's facility in Sankari, near Salem. Another special job it has undertaken is replacing the corroded bottom plates of 2 large fuel-oil tanks at the Indian Oil depot in Tondiarpet, near Madras, thereby saving steel and scrap. CECC has also got a small trial order from Alba to supply tapping tubes used in the aluminium industry for sucking out molten aluminium from pots. The tapping tube, made of cast iron, was specially developed by CECC.

CECC, a decade-old firm, is an offshoot of Consolidated Engineering Co which was set up in 1961. This outfit made a name for itself in structural engineering tank fabrication and was also involved in the construction of Kudremukh Iron Ore's pelletisation plant in Mangalore. In the early eighties, though, the directors of this company lost interest in the construction aspect of the business. A director, B.M. Jouhari, however, decided to promote an engineering construction company of his own. He found in Wilf Pais, an employee earlier, and his brother Fredrick able partners. And so, in 1982, CECC was born. Currently its turnover is placed at Rs 1 crore. With the Alba contract in hand and others in the pipeline, CECC is certainly set to go places.

The Godrej group puts its house in order.

HOME & DRY?

Property development is a dream the Godrej group has been housing for a long while. Now even that is taking concrete shape. The soap, fridge, lock, typewriter and cupboard giant has boarded the real estate bandwagon through a new group company Godrej Properties & Investments Ltd (GPIL). Says GPIL director and Godrej Soaps managing director Adi Godrej: "After a lot of deliberation, we took the plunge. GPIL will initially work on low-income to luxury, and even commercial, endeavours in and around Bombay."

For starters, the company has tied up with a local property developer Deepak Verma (formerly associated with Formica maker Caprihans) to help complete phase II of a residential complex called Eden Woods. Situated close to Thane (on the outskirts of Bombay), it will

consist of 316 garden apartments and some row houses. A minitownship at Kalyan and a complex at Panvel are also in the pipeline.

Says Godrej: "Nobody's tried marketing real estate; and that is our biggest strength. We shall use our group's facilities to make things easier for house-buyers." Like most land developers, GPIL will hand out the nitty-gritty of construction to private contractors who will be supervised by the company's engineers. "But there will be a difference," says Godrej. "We shall try to meet market-researched customer needs. For instance, the ratio of open space to buildings will be 7:1."

His sales target for the first 5 years is Rs 60 crore. And he's counting on the spinoff benefit of the Godrej brandname to get him there. Says he: "Our brand is our biggest strength. The reliability, quality and reputation will lend confidence to buyers."

Funny business. And that's exactly what people need in the real estate business. It has gained a great deal of disrepute courtesy fly-by-night operators who collect initial payments only to disappear. "Payments will be entirely by cheque," says Godrej. "We are only expecting a fair level of profit."

While that should be welcome news for many, others say the current Godrej projects are just a testing ground for the big ones ahead. The group is in possession of several acres of prime undeveloped land (in Bombay) which it has been trying to develop for several years. In the current liberalised scenario, it just might get the go-ahead.

Godrej, on his part, is not too worried about the current cool-off in demand for real estate. "The market is growing rapidly. I am confident that ours is a long-distance run. Agreed there are more sellers than buyers currently but the group's financial strengths should see us through any hard times," says he. That's some strong foundation.



GODREJ: *Seeing a growing market*

It's fun and games for the Nicco group.

RIDING HIGH

The concept of amusement parks has not amused big business houses too much. So it's the small fry who've been making forays. Down east, however, one of the local leading lights — Rajive Kaul of the Nicco group — is gung-ho about amusement parks. Kaul recently whistled off his fun-and-games venture styled Jheel Meel. Says he: "The idea came to my mind some 4-5 years back when I visited the Orlando amusement park and I was eager to try out something similar in Calcutta."

Spread over a 40 acre area, Nicco park Jheel Meel is a picnic spot and amusement centre, both rolled into one. Affirms Nicco Parks & Resorts managing director Rajinder Dayal: "We want families to spend a full day in unadulterated fun."

For starters, the park is a good 15 km away from Calcutta's business district and free from the pollution and noise typically associated with the city. The project cost: Rs 6.5 crore.

The Nicco group was originally planning to raise funds from the capital market to finance the park but later when the Chautala Disneyland venture ran into trouble, the government banned amusement park-related public issues. Consequently, the project size had to be scaled down. Thanks to this, even the initial technical collaboration arrangement with Blackpool of the UK had to be discontinued.

Low prices. Kaul is confident that Jheel Meel will turn out to be a top

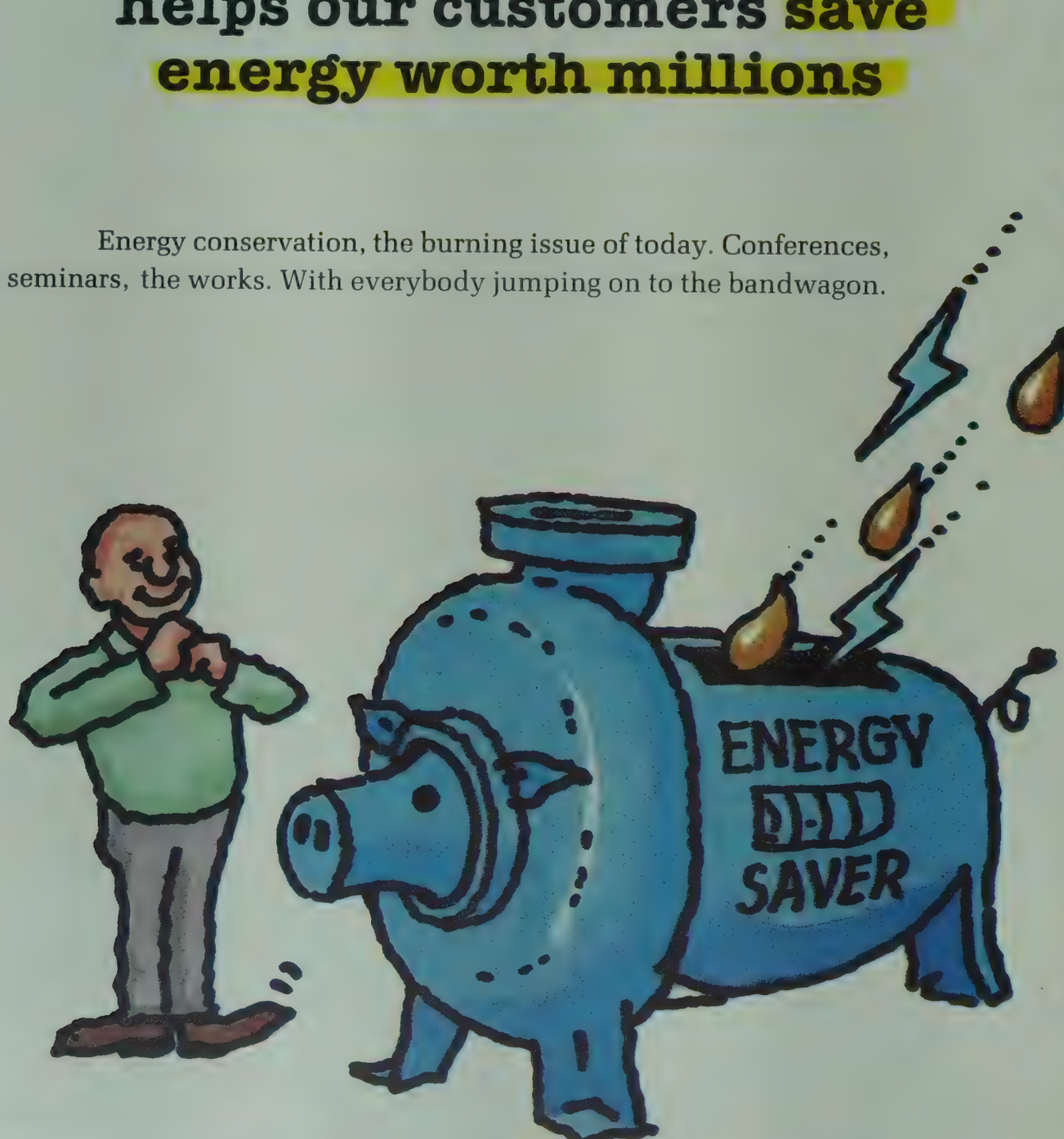
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But all this is only natural, for since its very inception KBL has always vigorously upheld the interests of the Indian farmer. And time and again, made revolutionary contributions to Indian Agriculture, helping raise its productivity to noteworthy levels.

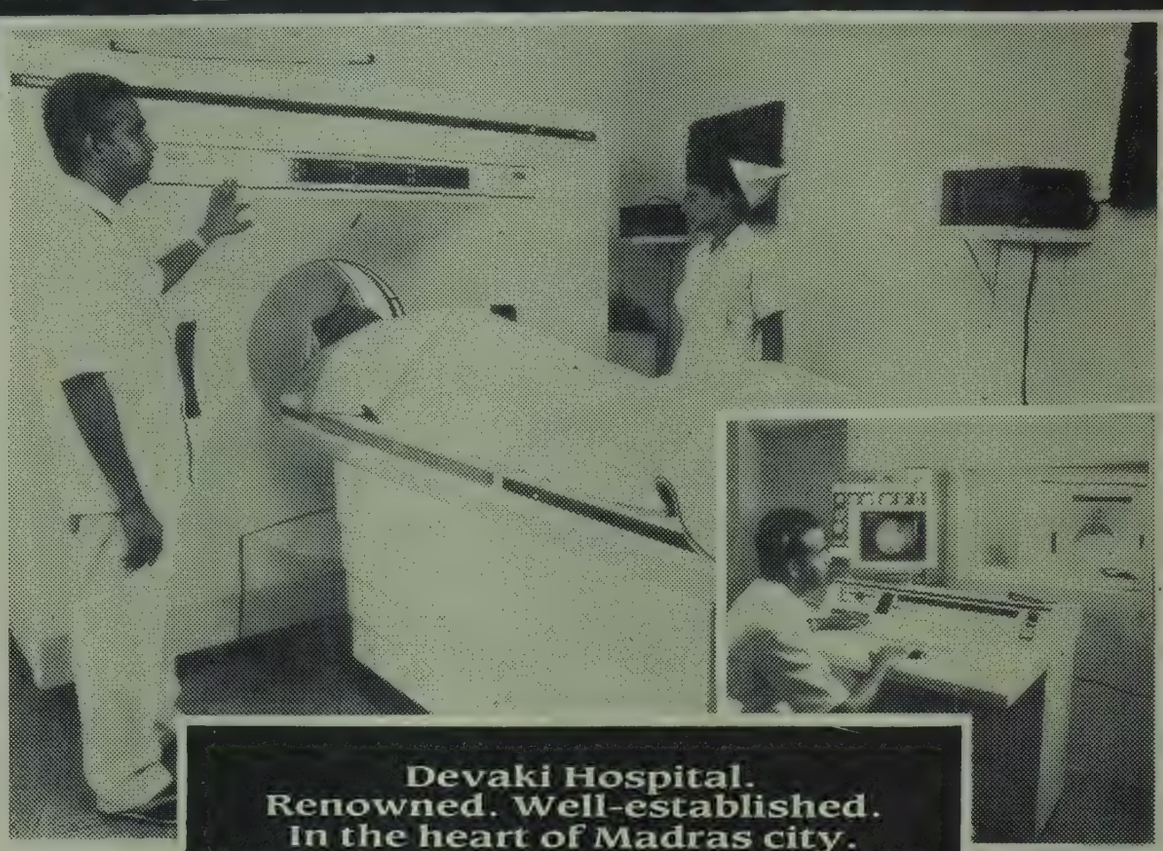
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Concept

draw. "We are expecting some 4 million visitors annually," he gushes. He may well succeed, for prices have deliberately been kept low to suit all pockets. Entrance fees are Rs 3 on weekdays and Rs 5 on Sundays and holidays. The amusement ride (14 in all) charges too are low enough. And there's a variety of them: from the common toy train and the popular roller-coaster, to the not-so-common water shoot which takes visitors up on rails to a height of 42 ft and then brings them down abruptly. And for the gluttons, the park has a fast food centre with a seating capacity of 500.

All this is being conducted under the stewardship of Sheroo, the baby Bengal tiger which the park has for its mascot. Besides Sheroo, the park also has the blessings of chief minister Jyoti Basu who has evinced keen interest in the project. It is also to be promoted in all relevant tourist literature of West Bengal, thereby making sure that Sheroo's roar is heard loud and clear to make him a national attraction.

The Federal Bank records impressive growth.

BRIDGING THE GAP?

At a time when quite a few nationalised banks are witnessing a run on their deposits and the banking industry's growth rate has registered a marked decline, a few banks in the private sector are performing exceptionally well notching up impressive numbers.

Last fortnight, the management of The Federal Bank (Kerala-based) was in an upbeat mood. With good reason. In 1990-91, the bank registered a 28.3% growth rate and, in the subsequent half-yearly closing, the bank's deposits edged past the Rs 1,000 crore mark to touch Rs 1,012 crore. A sizable chunk of that came by way of non-resident Indian (NRI) deposits. In fact, NRIs have contributed 22% to Federal Bank's total deposits. Things looked up on the profitability front too, with the bank recording a 175% increase over the previous year's figures.

Says Federal Bank chairman M.P.K. Nair: "Our aim is to take Federal Bank to the No 1 position. By the financial year end, we expect total deposits of Rs 1,200 crore."

That should take him within backslapping distance of the private sector topdog, The Vysya Bank. (Vysya's total deposits were at Rs 1,004 crore as compared to Federal Bank's Rs 904 crore as of end 1990-91.) Nair, however, is quick to point out that of Vysya Bank's total deposits, over Rs 50 crore is by way of deposits from other banks while Federal Bank's deposits on that score are only Rs 2 crore. Says he: "So in effect there is only a Rs 50 crore difference."

Separate subsidiary. Merchant banking is another area where Federal Bank is performing well. Says Nair with obvious pride: "We handle over 5,000 applications per day. Today, we rank ninth in terms of the number of issues handled and tenth (among all banks) in terms of the total underwriting amount. We were the only private sector bankers to the Tata Timken issue," he adds. Spurred by the success of its merchant banking division, the bank is examining the possibility of setting up a separate subsidiary to take up leasing and hire-purchase.

Nair, however, is not resting on his laurels. He has drawn up ambitious plans to attract more deposits. The bank is slated to launch a new scheme called the Privilege Pass (PP). Says Nair: "Like priority-sector lending, which envisages lending to a section below a certain income group, the PP scheme is aimed at those above a certain income level."

Under the PP scheme, there will be two types of passes — gold and silver. While the former will be by invitation, the latter can be availed of by application. Pass holders will be entitled to various facilities such as instant encashment of cheques up to a fixed amount, credit facility and withdrawal of money from any branch of the banks.

Despite the impressive showing, The Federal Bank has its share of worries too. Says Nair: "The credit policy is going to eat into the bank's profitability. The hike in interest rates on short-term deposits, the reduction in return on cash reserve ratio (CRR) balances and the hike in coupon rates which have brought down the market rates of all securities are going to adversely affect banks' bottomlines." So, belt-tightening times obviously lie ahead.



NAIR: *Aiming to be No 1*

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Credit Lyonnais is going great guns.

TAKING OFF IN INDIA

The barriers have been lifted. Finance minister Manmohan Singh announced recently that foreign banks are to be allowed to set up base or expand in India. A radical break from the past no doubt, but banks are not about to fall over each other to get in. The reason: Indian banking's face is scarred with sticky loans, stagnating deposits and sagging bottomlines, making for a depressing scenario. Besides, most foreign banks operating in India have had an uncomfortable 1990-91.

There are, however, the exceptions. Those on the sidelines with derring-do can take heart from Credit Lyonnais which put up an impressive show while others were in hot water.



MUYL: *Stressing corporate banking*

What makes it stand out further is the fact that the bank is quite an upstart. This state-controlled French bank was permitted to convert its representative office in Bombay into a full-fledged branch just about 2 years ago. Credit Lyonnais closed 1989-90 with a net loss of Rs 38.74 lakh. In the year ended March 1991, it admirably converted that loss into a net profit of Rs 4.46 crore. Says Credit Lyonnais general manager in India Pierre Alexandre Muyl: "Our accent on efficient corporate banking has made all the difference."

The difference is strikingly obvious on productivity parameters. In 1990-91, Credit Lyonnais emerged as the foreign bank with the highest profit per employee (see 'The hard workers'). And the key to this performance was speedy and cost-effective corporate banking. "We furnished a part-guarantee for $8 million to Grasim Industries' $20 million forex accommodation in just 2 days," says deputy general manager (corporate banking) Alok Sethi.

That was in October 1988, the first-ever specific corporate deal Credit Lyonnais concluded. And there's been no looking back since. The bank today serves over 100 corporate clients among whom figure the Birlas, Tatas, Thapars and Goenkas. But its maw is not sated. In a bid to gain a larger foothold in corporate banking, Credit Lyonnais is not averse to being a part of consortium lending. "We tell our corporate clients that it is our objective to get into consortium lending ultimately," says Sethi.

Things looked up on the deposit front too during 1990-91 — they moved up to Rs 251.66 crore, from Rs 95.20 crore mobilised in the previous year. And impressively as much as 90% of the deposits are in foreign currency non-resident (FCNR) accounts. That means a little trouble down the road for Credit Lyonnais. Reason: non-resident Indians are yet to display unqualified faith in this country's economic policies. Deputy general manager Himmat Kalsa is, however, upbeat: "Now that the government is keen to liberalise the economy further and remove the roadblocks in attracting foreign exchange, we should get more FCNR deposits."

For that, Credit Lyonnais will have to turn even more aggressive in attracting deposits. The plan of action: set up a team within the corporate banking division, dedicated solely to the job. The target for the ongoing year, however, is to maintain deposits at least at 31 March 1991 levels and, after consolidation, make a push to jack them up.

What ensures profitability in banking is the ability to attract deposits and tie them up in sound loans and investments and earn a reasonable spread. What has Credit Lyonnais done about deposit deployment? Says Muyl: "We will soon be emulating our French parent in developing need-based profitable lending products." But, as for details, Muyl is keeping his lips zipped. "As far as our investments are concerned, our policy needs a relook so that we can invest beyond short-term money market instruments." Merchant banking is another area Credit Lyonnais is actively eyeing. To date, the bank has been a co-manager to 3 issues totalling Rs 60 crore and helped place *khokhas* of 2 listed companies.

Not bad for a beginning. Egged on, Credit Lyonnais is looking at centres other than Bombay. "We will soon have a representative office in New Delhi. We are now interested in opening another in Madras." Will these rep offices be converted into branches? That solely depends on how fast the bank is able to garner fresh business so that the French parent commits more capital. Considering its 1990-91 performance, Credit Lyonnais should put up quite a creditable showing.

□ A.H. Ghani

CREDIT LYONNAIS — INDIA: A SNAPSHOT

	(Rs crore)
	Year ended 31 March 91
Total assets (excluding Contras)	288.10
Loans & advances (including bills rediscontinued)	96.00
Clients' deposits	251.66
Capital funds (including head office account)	16.50
Interest income	28.40
Net profit after tax	4.46

THE HARD WORKERS

Foreign banks in India: profit per employee — The top 10

	(Rs lakh)
Credit Lyonnais	9.29
Citibank	5.52*
Amex	5.32*
Deutsche Bank	4.80*
Mitsui Taiyo Kobe Bank	4.49*
Bank of America	4.41
Bank of Nova Scotia	4.09*
Banque Indosuez	3.24
Algemene Bank Nederland NV	3.23
Societe Generale	2.92

Note: The figures are based on the net profit for the year ended 31 March 1991.
* Based on number of employees in 1990.

NEWS BRIEFS

■ In a bid to curb inflation, the Reserve Bank of India (RBI), in its latest credit policy, has hiked **bank rates** as well as lending and short term **deposit rates.** The interest on cash balances of banks with the RBI has been reduced from 8% to 5%. Refinance, except for export credit, has been discontinued. The 200% cash margin required to be maintained for imports under the open general licence (OGL) has been reduced to 150%.

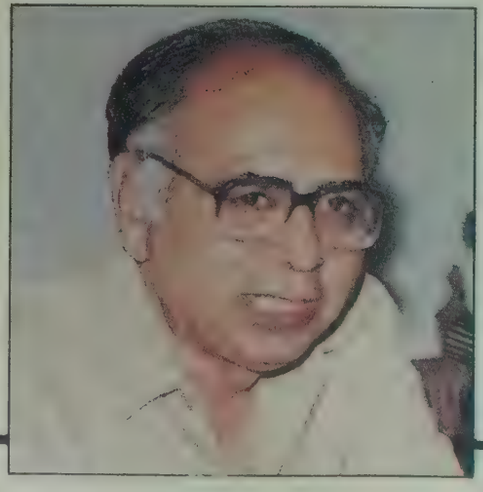
■ India has sought a $2.2 billion **stand-by loan** from the International Monetary Fund (IMF). Of this, the first tranche of $800 million is expected to come through this month. From January this year, India has availed of a total drawing of $2.6 billion comprising $1,869 million under the compensatory contingency financing facility (CCFF) and a stand-by credit of $777 million.

■ In the ninth general review of **IMF quotas**, India's quota is likely to be increased by 40% taking it from the present 2,207 million SDRs to 3,055 million SDRs. This was disclosed at the annual IMF-World Bank meet held at Bangkok.

■ As per the new guidelines issued by the RBI, the ceiling on **equity holdings** by non-resident Indians (NRIs) and overseas corporate bodies (OCBs) in Indian listed companies has been **raised** from the existing 5% to 24% under the portfolio investment scheme.

■ The Unit Trust of India (**UTI**) is to float another **offshore fund** by the financial year-end. This is in addition to the already existing 2 offshore funds. According to UTI chairman S.A. Dave, the modalities of the fund are yet to be worked out.

DAVE: *Another offshore fund in the offing*



■ In a bid to attract more foreign exchange into the country, the RBI is considering extending the foreign currency (non-resident) (**FCNR**) account scheme to persons of non-Indian origin, according to a report in *The Economic Times.*

■ The **BoI Mutual Fund** has launched 2 unique growth schemes aimed at helping investors to earn incomes for festival needs. Under both, the investor can decide the timing of the receipt of the return on his investment.

■ The dollar-denominated India Development Bonds (**IDBs**), launched on 1 October by the State Bank of India, are to be soon issued in pound sterling as well, says *The Business & Political Observer.* The RBI has said that holders of IDBs can raise rupee loans against the same.

■ Kotak Mahindra Finance (**KMF**) is to go public by the end of the year. The company is offering 20% of its equity to the public through the issue of Rs 13.95 crore worth of secured partly-convertible debentures. The company hopes to mop up Rs 16.04 crore including 15% oversubscription through the issue.

■ The **GIC Mutual Fund** has launched a new scheme — GIC Rise II. This scheme will offer 2 options — a monthly income option and a cumulative bonus option. The scheme is expected to mop up an estimated Rs 200 crore.

■ The Dutch **ABN-Amro Bank** has opened a branch in New Delhi. This is the first Indian branch of ABN-Amro and also the first branch to be opened anywhere since the merger of ABN and Amro.

■ The International Finance Corp (**IFC**) plans to step up its investment in India under a new investment plan being worked out for the Asian region. This was disclosed at the IMF-World Bank meet by director, IFC department of investment, Asia-II, Jenal-Ud-Din. IFC is reported to be making a $1.6 million investment to help establish a privately-managed venture capital fund in India.

■ The Mercantile Credit Corp (**MCC**), a company of the Madras-based M.A. Chidambaram (MAC) group is considering making a foray into bill discounting and merchant banking activities. The group is also reported to be considering an entry into the mutual funds sector according to *Business Standard.*

■ Finance minister Manmohan Singh has categorically ruled out the **privatisation** of nationalised banks. At the annual IMF-World Bank meet held at Bangkok, Singh said that more foreign banks would be allowed to set



SINGH: *Opening the floodgates*

up base in India and private sector banking would be further encouraged.

■ The much-talked-about selection of candidates for the top **posts** in 7 nationalised **banks** is reported to have been put on hold until such a time as and when the M. Narasimham committee report on financial sector reforms is submitted. The report is expected to be out by 15 November.

■ Following the permission granted to the private sector to set up mutual funds, the Karur Vysya Bank (**KVB**), a private-sector bank, is considering setting up a mutual fund, says *The Business & Political Observer.* As per the report, the modalities have still to be worked out as the guidelines for permitting private sector mutual funds are still awaited.

Kamal Nath is asking industry to clean up its act.

GREENPLEASE APPROACH

D-day is 31 December. Indian industry has been given until then to clean up its act or else face prosecution. But this is no across-the-board stricture. Rather, minister of state for environment Kamal Nath is initially training his guns on 17 "highly-polluting industries." And he expects that once the bad boys fall in line, the others will also do their mite.

Kamal Nath's approach is very different from the headline-hunting, hard-hitting ways of his predecessor Maneka Gandhi. He is for "Greenplease," not the combative Greenpeace.

"Environment has been left too long in the hands of environmentalists," says Kamal Nath. "They have been policing industry and other chronic polluters and violators of environmental laws. I want industry to tame industry. We are working on a scheme of voluntary disclosure of pollution and environmental offences and, more importantly, I want a timeframe within which corrective measures will be introduced."



THE NOCIL PLANT: *Controversial issue*

His thinking is clear — he will come down heavily on violators of environmental norms. The green light has been given to the department of company law to look into the technicalities of introducing an environmental audit. The environmental courts scheme, framed with great zeal by Maneka Gandhi, has been abandoned. Instead, a diluted version — an environment tribunal to deal with civil liability for damages caused by accident or any incident involving hazardous substances — is likely to be set up. (The original idea was to cover the entire industry; not just those manufacturing units dealing with hazardous substances for which a mandatory liability insurance scheme is already in the making and rules are being framed. Though environmentalists are of the opinion that the new scheme will lack teeth and claw, the minister feels hazardous substances require immediate attention; hence the focus.)

Pinpointed as being responsible for at least 40% of the total pollution in this country, the industrial sector has been watching the tightening up of environmental norms anxiously from the wings. Its response to the recent ministerial pronouncements has been that of "wait and watch." But the underlying message is now very clear — the question of environment in all aspects of industrial activity will have to be given due weightage; it can no longer be ignored or brushed to one side of the shopfloor.

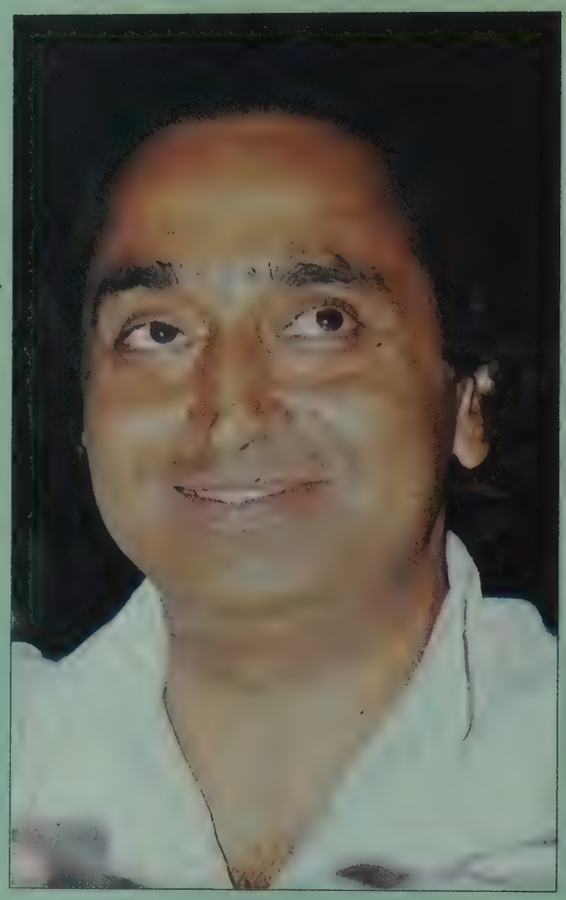
At a seminar on "Pollution prevention and its control in the pesticide industry" organised by the Indian Chamber of Commerce, chairman of the Ficci ecology and environment committee Deepak Banker pointed out: "Business appreciates that, of late, the government has taken many special initiatives with a view to ensuring that the process of environment preservation and pollution control gathers momentum. On behalf of industry, we would like to assure our friends from the government that the concern of the government is being mirrored in a growing realisation by business that there is a need to improve efficiency in operations so that resources are utilised optimally and that wastes are minimised. In fact, efficiency is what business is about."

Not that government thinking has always been consistent. In the aftermath of the world's worst industrial disaster — the Bhopal gas tragedy — the government of India was jolted out of its complacency. Something needed to be done to hold industry accountable for flouting environmental norms. Hence the Environment Protection Act 1986 — after months of politico-bureaucratic tussles. Since then the signals have been confusing. Strictures passed by the ministry of environment (MoE) have been flouted by other ministries. An overzealous Maneka Gandhi's enthusiasm to clean up in double quick time was curbed by her senior minister Nilamani Routray. Some of the regulatory measures initiated by her have been accepted. Others have been tempered to suit political ends and some of the more radical ones rejected outright. Now, with Gandhi relegated to her feathered friends and the new minister apparently no great green, industry is unsure of what it can and what it cannot get away with.

Not that there has been no realisation that the days of unchecked pollution are over. Today, there is

"INDUSTRY MUST TAME INDUSTRY"

He does not have the high profile of his predecessor Maneka Gandhi. But Union minister of state for environment Kamal Nath counts that as a point in his favour. And he is not out brandishing a big stick. Rather, he expects industry to police itself. Kamal Nath spoke to BusinessWorld *on a range of environment-related issues in an exclusive interview. Excerpts:*



■ On whether Indian industry is conniving with friendly politicians to thwart environment laws.

I do not know about this connivance, but they (industrialists) have not been able to bend what I have put in motion. While the industrial policy has been liberalised, I have not relaxed my norms. We are now in the process of issuing norms and looking into the ambit of pollution control boards. We are looking closely at ecologically-sensitive areas and a large number of industries for which norms will have to be determined.

■ On whether industry has been cooperating (more than 60 firms have filed petitions saying that it is their fundamental right to carry on trade according to the constitution).

Yes, but most of them have lost or are losing the cases. Industry is beginning to comply with the regulations, in some cases voluntarily and in some cases involuntarily. I want industry to tame industry.

We have already stated that certain compliances have to be adhered to before 31 December. We have identified 17 highly-polluting industries which include distilleries, petrochemicals etc. The companies which have problems are coming to me. But I am not so much interested in disclosure as in their plans of action according to a timeframe.

■ On the proposed environmental audit.

We have sent proposals to the law ministry to amend the Companies Act. We have also written to the department of company affairs. Once they look at these proposals, they should be through in the next session of parliament.

■ On the role of the proposed special environment officer in companies.

I see him in a specialist's role as an advisor to the company on prudent environment management. This is, however, a recommendatory function.

■ On the plan for environment awareness centres.

I have not really gone into it (the plan) in detail. It is one of the measures in the pipeline.

■ On the functioning of the environment brigade.

These people will be our eyes and ears in the field. They will report their findings to the state pollution control boards and also to the ministry. The idea is to create a band of dedicated people who will be a sort of watchdog brigade. They will also create awareness in the community and this is important.

■ On whether the blacklist of companies which are chronic offenders still exists.

Yes. Of industries, it still exists. We have a list of delinquent industries such as pharmaceuticals, chemicals, distilleries and tanneries. We have told them to comply with certain regulations by 31 December.

■ On whether there is any conflict with the state governments as regards environment clearance for new projects.

I have written to all chief ministers and asked them to get involved in the decision-making process at the inception stage of the project itself. They must have the environment impact assessment done and commission a study of the environment load-carrying capacity before decisions are taken.

■ On conflicts with other ministries, for instance, power.

The job of the power ministry is to set up power plants. Ours is to protect the environment. We are a custodian ministry. We try to make them see our point of view. We try to lay down realistic norms and most of the time there is no real conflict.

■ On whether the focus on environment means hampering development.

There has to be a balance. There cannot be growth at any cost. One has to be environmentally prudent and development-oriented. Being environment-friendly does not mean thwarting development.

Being environment-friendly does not mean thwarting development. There has to be a balance

significant investment in pollution control equipment. The Steel Authority of India (Sail), for instance, will be spending Rs 600 crore on pollution control measures in its ongoing modernisation plans. And private sector companies are also chipping in to play safe.

Even chronic offenders are changing their spots. Till 1978-79, the total liquid effluent discharged from the Zuari Agro fertiliser plant was around 10,000 cubic metres a day. By 1990, this was reduced to zero with a total investment in pollution control measures of about Rs 7 crore. The payoff has been less tangible but worth much more. "The company's image has improved tremendously and the plant is now cited by the Fertiliser Association of India and the government as an example as far as environmental protection is concerned," says a Zuari spokesman. Others, too, are following suit.

Says Tata Sons chairman Ratan Tata: "Our perceptions have changed quite radically in the past few years. As a pilot I used to look at smoke over the city of Bombay as a sort of wind guide — it would tell me the wind direction. Today, as soon as I see smoke belching out of chimneys over the city, I say to myself: 'someone is polluting the atmosphere.'"

The attempt to sensitise industry to environmental issues has yielded some fruit. "Today, industry is very conscious about its role in protecting the environment. The response in installing pollution control equipment is largely very positive. There are, of course, some who instal the mandatory pollution control equipment but run it only for a few hours — and not the stipulated time — to save electricity," says R. Midha, secretary, department of environment, government of West Bengal. "We have to come down on them with a heavy hand."

PREVENTIVE APPROACH

On its part, industry has its views to air. "There are already a plethora of environmental laws and they are violated systematically," says chairman of the Assocham Committee on environment Ram Tarneja. "In Assocham we are trying to create an inbuilt environment culture amongst our members — we are trying to usher in a climate of self-management to generate a preventive approach."

To a great extent the compliance with environmental norms is dependent on a number of factors:

- The corporate will to conform to pollution control standards;
- The availability of proven technology to set up waste water treatment plants etc;
- Financial constraints; and
- An effective monitoring agency.

The corporate will is coming, the technology too is available and there is a growing realisation that the money has to be found today if a much higher bill is to be avoided in the future. But the monitoring agency, despite Kamal Nath's talk of green brigades and watchdog bodies, remains an area of confusion.

Entrusted with the job of policing industrial complexes on location are the state pollution control boards (SPCBs). The effectiveness of these vary, depending on the political scenario and the enthusiasm of the officials. Some, like the West Bengal board, are comatose — since no information is available, effective and earnest monitoring seems doubtful.

In contrast, the Maharashtra SPCB does seem to apply its mind to devising ways and means of monitoring offending industries with more earnestness. For instance, after the Bhopal tragedy, it instituted a committee to list which hazardous industries were in Bombay and its environs and what could be done to bring them into line. The track records of Gujarat, Tamil Nadu and Uttar Pradesh have been satisfactory; together with Maharashtra, they have been singled out to receive $155 million largesse from the World Bank and the International Development Association to specifically strengthen SPCBs and provide common water treatment facilities in industrial estates. But, as far as most of the other states are concerned, the less said the better.

Even in Maharashtra, which is more active in pollution control than the others, there has been ample controversy over the SPCB giving industry too much leeway. The decision to allow Oswal Petrochemicals to reopen its factory in Chembur without

GREEN EQUATION

For the first time a green brigade of CEOs representing industry across the world is poised to stir the conscience of its constituents on the touchy subject of environmental responsibility. The Geneva-based Business Council for Sustainable Development (BCSD — a 50-member world business leaders group comprising chairpersons of majors such as Du Pont, Asea Brown Boveri, Volkswagen and Nippon Steel) hopes to set an example of responsible industry. It will also attempt to connect the lopsided equation between industry and the environment.

At the Earth Summit-92, the United Nations conference on environment and development, in Brazil next year, BCSD will present inputs to put together a document titled "Our Common Enterprise." This will attempt to define the future relationship between industry and the environment.

In India, business and industry opinion will be collected under the stewardship of Tata group chief Ratan Tata, who is a member of the 50-person world leaders group. The Confederation of Engineering Industry (CEI) has been asked to coordinate all activities in India, China and south Asia. A number of seminars and workshops are proposed and a meeting of top business leaders of the region is scheduled for December this year.



TATA: *Mobilising green opinion*

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adequate environmental clearances is one that environmentalists point a finger at. Says Maharashtra SPCB chief C.D. Oomachen in defence: "They had inherited the old Union Carbide plant. They have started modifications in the plant to neutralise the pollutants."

UNPLANNED DEVELOPMENT

Apart from the unchecked effluents polluting land, water and air, unplanned industrial development and location in overpopulated areas or ecologically-fragile areas has been a cause for grave concern. In their zeal to attract industry, state governments have often flouted environmental norms. The oft quoted example is the Bombay metropolis and its neighbouring Thane-Belapur belt. This is perhaps the most heavily polluted industrial region in the west; yet existing companies have been known to obtain permission to expand or a company with clout (both economic and political) allowed entry in blatant disregard of the Maharashtra government's industrial location policy.

The National Organic Chemical Industries Ltd (Nocil) case in Maharashtra is such an example. After several years of dispute, the green signal was given to the company's petrochemicals plant to expand its ethylene capacity from 63,000 tonnes per annum (tpa) to 3 lakh tpa in zone III of the Bombay metropolitan region development area. "The company has undertaken to ensure that the pollution load, even after implementing its modernisation and expansion project, will be in absolute terms no more than what has been permitted by the Maharashtra SPCB for its existing operation," says a spokesman for the company. Then there are promises of greenery. "An afforestation scheme has already been initiated in the vicinity of the plant. Over 11,000 trees have been planted. Future plans include the planting of 5,000 trees in the next two years."

This is not good enough, argue environmental groups. The Maharashtra Regional Town Planning Act categorically states that "no expansion will be allowed even in zone III except within the existing premises." But, despite 2 writ petitions filed by the environmentalists, "the expansion, which in reality is a new plant, was allowed," they claim.

Another decision that could spell environmental disaster is the location of the Bombay Suburban Electric Supply's thermal power project in Dahanu. That decision too was challenged by the Bombay Environmental Action Group (BEAG) but the courts decided otherwise. There was, however, a rider. The court declared that "the authorities monitor adherence to environmental stipulations and that environmental groups be heard before any environmental safeguards are relaxed."

Not that the activists have always been beaten. In the case of Chambal Fertilisers in Rajasthan the company was forced to shift to another location at Gadapan. This was after obtaining all the clearances to locate the plant within close proximity of the Ranthambore wildlife sanctuary.

State governments are often to blame for unsound locational decisions. In the case of the Hazira petrochemical complex, the MoE's own appraisal committee was against the project but the Gujarat government was determined to go ahead. So the work on the project began even though environmental clearances had not been obtained. There are numerous other instances.

Companies are realising that good environment management and installation of cleaner production processes are cost-effective

This lopsided industrial development inevitably results in irreparable damage that no one cares to compute. For example, the untreated effluents from over 250 tanneries located in the North Arcot district in Tamil Nadu have rendered areas around Ambur and Ranipet a wasteland.

Belatedly, industry has woken up to its responsibilities. The Andhra Pradesh Industrial Development Corp has set up a common effluent treatment plant at Patanchera industrial estate near Hyderabad. With industries and government contributing to the cost, the plant has been a pioneering effort. Similarly goaded by the Tamil Nadu SPCB, 60 tanneries located near Madras have also set up a common effluent treatment plant with both the central and state governments participating in the financial outlay.

And under the stewardship of the environmental subcommittee of the Bengal Chamber of Commerce & Industry, an action plan for treatment of effluents from the cluster of nearly 300 tanneries in the east Calcutta region is being worked out.

These are examples of those that are trying. But despite so much media attention on the need to put your own house in order and not to pollute others' backyards, there is a cluster of industries, especially along waterfronts, that systematically continues to dump untreated waste into the major rivers. According to reports of the Ganga Action Plan (Gap), over 70 industries spread over Bihar, West Bengal and Uttar Pradesh disgorge enormous quantities of untreated water into the river everyday; and some of these are big names. Threatened with closure unless they installed effluent treatment facilities, Kesoram Rayon put up a Rs 65 lakh effluent treatment plant while Shaw Wallace spent Rs 2.5 crore in importing equipment — the first of its kind in West Bengal.

What could make the difference in the ultimate analysis is that companies are realising that good environment management and installation of cleaner production processes are in fact cost-effective. Companies which went in for such systems not only have less wastage but can also pat themselves on the back for being good corporate citizens.

Kamal Nath can thus take heart. The big-stick approach of his predecessor obviously paid no dividends; street-smart politicians know that their dependence on business and industry is too much for such tactics to work. "Industry will have to tame industry" could prove more than an empty slogan. But the MoE will have to put at least some muscle into it. If the new year sees the offenders — and there are bound to be many of them — suitably hauled up, we could well witness the first significant moves towards a cleaner, greener India.

□ Debjani Sinha

At 60, it is time for celebration.

THE LEVER JUGGERNAUT

The wheel has turned full circle and it is Wheel which has done the trick. Barely 5 years ago, consumer product colossus Hindustan Lever Ltd (HLL) had been comprehensively taken to the cleaners by upstart Nirma. Company executives may have put on a brave face ("It is not our market," went the refrain), but they privately confessed they had been caught napping. And the man on the street, ever ready to root for a David, took pleasure in likening HLL to a lumbering Goliath all set to take an almighty tumble.



SOME OF HLL'S NEW LAUNCHES: *Success story*

It didn't happen, thanks largely to HLL's marketing super-success of the past 3 years — the low-price detergent powder Wheel. Last year, the company hawked 1.1 lakh tonnes (lt) of the stuff. This year, with just 2 months to go before the year is out, the trends are clear — some 1.5 lt or more of Wheel is likely to be sold. And feeling the pinch, at least in a goodbye to galloping growth rates, and a decreasing marketshare is Nirma's Karsanbhai Patel.

Wheel is what has set the Lever juggernaut rolling in a big way. But there has also been a significant contribution from other product categories and sister companies. And when one tots it all up, the Unilever group in India, comprising HLL, Lipton, Brooke Bond, Pond's, Tea Estates, Doom Dooma and Quest International, is all set today to become the third largest business group in the country after the Tatas and BK-Aditya Birla.

This may seem a little surprising. As a foreign company, HLL has always chosen to stay partly behind purdah and, while a decent ranking within the first 10 private sector companies in India seems to be much in line with its image, it is new for it to be in the same club as the 2 top business houses. But the showing by all group companies has been superb.

In 1990, the combined turnover of Lever's Indian operations exceeded Rs 2,900 crore. This year, Rs 3,500 crore seems eminently achievable. This puts HLL, Brooke Bond, Lipton and all the other sister companies a few notches up the rankings ladder. And collectively it will polevault them into the top triumvirate.

Thus, while HLL celebrates its diamond jubilee later this month, a milestone seems to have been crossed. With bottomlines brimming, gone is the image of the beleaguered giant; or even, some decades earlier, the impression of a monopolistic multinational diluting its overseas shareholding percentage very, very reluctantly. This was in the fifties, when Hindustan Vanaspati and Lever Brothers (the two Unilever companies in India) merged to form HLL, and for the first time offered shares to the Indian public. (Hindustan Vanaspati was incorporated in 1931, which is the technical reason why 1991 has been chosen as diamond jubilee year, even though Sunlight soap arrived in this country in 1888.)

NANDA: *Spreading a common culture*



AGGRESSIVE GROWTH

Today, so many decades down the line, HLL and its sister corporations emerge as top-notch marketers, not only holding their own in an increasingly competitive marketplace but growing aggressively perhaps even ahead of the market. And the key to the marketing success is the underpinning of equally strong manufacturing operations derived from the group's professional strengths, which can deliver what is perceived by consumers as value for money.

In the past 2 or 3 years, HLL has launched and made a success not merely of Wheel. The number of its new or modified brands adds up to a good 8 or 10 — in the detergents area, besides Wheel, Surfmatic, Rin detergent powder and Surf Ultra (slated to go national very shortly); in toilet soap Liril Cologne, a new soap, Le Sancy, being testmarketed in the south, and relaunched or modified versions of various mainstay brands like Lifebuoy, Rexona or Lux; and in personal products, Close-up toothpaste

and Clinic shampoo.

The market has, of course, helped — rural incomes are consistently on the up with 3 good monsoons in a row and higher procurement prices. And, with India's burgeoning population, the numbers of consumers in the marketplace keep rising steadily, and more and more people are switching from washing soap bars to detergent powders, or from loose tea to the packaged form.

But to explain away HLL's (and the group's) success today merely in terms of rising market demand would be to give an incomplete picture. Equally important have been a number of other elements. The group has been able to:

- aggressively take advantage of market opportunities (the timelag in the Wheel launch notwithstanding);
- contain costs, such that price increases have been lower than the inflation rate, thereby giving the company a competitive edge over rivals;
- increase manufacturing volumes by setting up a large number of new installations. In the process, the dependence on the few large factories in metropolitan locations which were earlier the mainstay has been reduced;
- think of growth through acquisitions (in the case of HLL, the sick units which have been nursed back to health and later absorbed in the company; and in Brooke Bond's case, Kothari General Foods and Dipy's). In the changed context of the new industrial policy, this trend may gather momentum;
- continue to look at underpinning growth through strategic backward integration, for instance HLL's intention to enter into manufacturing of linear alkyl benzene (Lab), which is a key input for detergents;
- emphasise manufactured exports, as opposed to being an export trading house, which allows the business to be a better commercial opportunity; and
- gradually spread "group thinking" through all the companies, whether in terms of a common pool of professional talent, or a clearer segmentation of manufactured products, which will hold the key to future growth.

It is perhaps worth looking at each of these elements to fully understand why there is this celebratory aspect for HLL in its diamond jubilee year. In detergents, a 20% market growth has certainly helped the company, but with the 1991 target around 2.5 lt, the company's own growth rate would have been 30%. Importantly, with the sales value edging towards Rs 600 crore, HLL has clearly regained value leadership in the Rs 1,800 crore detergents market. In volume terms, Nirma is ahead; but in value terms, with Wheel's success and all the launches of premium detergents like Rin powder and Surf Ultra, HLL today is certainly number one.

In toilet soaps, it is a similar story. In this segment, with the total market around Rs 1,200 crore, growth is at a relatively lower rate of 6%, but HLL, which singly accounts for 65% of volume in this country, has managed a growth of 10% so far this year. All the relaunches, even if they are similar-tasting wines in slightly different bottles, seem to have worked.



MUNDRA: *Pushing exports*

K.B. Dadiseth, vice-president and coordinator of the soaps & detergents group at HLL, assigns a few important reasons for the company's volume growth: aggressive entry into cheaper washing powders by discovering a proper branding and cost strategy; at the same time, exploring the entire range of the price continuum in the market through a number of new launches, both in toilet soaps and detergents; and anticipating the growth in the rural market. "Perhaps we saw this last coming sooner than other people did," say Dadiseth and his colleagues. "We have always been in rural marketing, but we really pushed the boundaries now."

Combined with the marketing thrust has been an effort to contain costs and improve quality. "Lower costs and better quality need not be divorced from each other," says Gurdeep Singh, who is in charge of HLL's technical function. "In the mid-eighties, inflation was biting, and our products in the popular segment of the market were dangerously near to becoming over-priced — they were costing almost as much as those in the premium segment. That was when the company embarked on the quality drive, which has today paid off."

The HLL top brass speak of an attitudinal change throughout the organisation, with quality being seen as equivalent to savings in costs as well as enhancement of productivity. Cost reductions have been made down the line, and the savings ploughed back on R&D work on the key factors which affect performance of the company's products. The management of the entire supply chain has been toned up by working closely with suppliers, and the "just in time" (JIT) concept introduced wherever possible. Cost of money being up, inventory management and the purchase function has been given further importance.

The net result of all this is a competitive edge for the company in terms of relatively lower prices for its products. And it is this competitive pricing which enables the company to grow ahead of the market and maintain leadership.

To the allegation that all this is monopoly muscle, company spokesmen have a clear answer — that the consumer has enough choice, and is buying the company's products not as acts of charity, but because the products have demonstrated value and economical pricing. "We have both reduced our costs and managed our brands well," they say, "and have never made 'monopolistic' profits. The key to future success will lie in simultaneously being tight inside, and outward-looking."

Evidence of looking outward is there not merely in the soaps and detergents area of HLL's business, but also in its personal products division. While this group, with its Rs 100 crore turnover, is dwarfed by soaps and detergents, it has had notable successes with Close-up toothpaste, and Sunsilk and Clinic shampoos. In



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"OUR THEME IS BETTER VALUE"

Sushim Mukul Datta, who took over as chairman of Hindustan Lever about a year ago, faces a task substantially different from that of his predecessors: T. Thomas, who had to measure up to soaps price control and a prolonged representation to the government for Unilever to retain a 51% shareholding; and Ashok Ganguly, who had to bear the heat of the Sewri industrial relations battle. Datta spoke to BusinessWorld *about how he sees his job. Excerpts from the interview:*

■ On the philosophy of the Lever group in India.

1991 is our diamond jubilee year; therefore it is very pertinent to look at what has been achieved, and what will be done. Our group philosophy, in its essence, is to provide value to the customer. For example, in our fertilisers and seeds businesses, our success has been to look at the entire package of the farmers' needs — timely availability, right quantity, good quality and right price. And in consumer non-durables — soaps and detergents — the concept of cost per wash is very important. All our formulations are judged by us by this ultimate criterion.

The theme is better value, better service. That is what will give our products their competitive edge. Marketing edge, distribution edge and technology edge — all these combine to make the "value edge" on which our products will stand or fall in the marketplace.

■ On how he sees market growth.

The two main chunks of our businesses are soaps and detergents, and beverages (tea and coffee). Personal products together with exports is a third, smaller segment. The demand for soaps and detergents is growing fast, at about 20%, and we should, with some aggressiveness and push, double volumes over the next 4 years. Tea is growing at a much lower 2.5% rate nationally. We must, therefore, restructure brands and build up brand equity. Our brands, Red Label with Brooke Bond or Tiger and Green Label with Lipton, are excellent — but the consumer must understand their advantages with some clarity, and we must convey their value to the consumer. We must aim at least for a 10% growth rate here, while for soaps and detergents, it must be 20%.

Growth of our domestic businesses will mean that our export obligation will increase. Our degree of expertise here is certainly less than our knowledge of the domestic market. We must therefore build up new businesses, ground floor upwards. And we have an ambitious growth plan.

An important part of my job will be to get the company ready for the growth that is coming. Our tonnages at Hindustan Lever may grow in a few years to 1 million tonnes a year, from half the level currently.



■ On the specific complaint by competitors against Hindustan Lever, that it uses "monopoly muscle" for a price squeeze.

Hindustan Lever acts in national interest when it increases productivity, and instead of appropriating all the profit, shares the gains with the consumer. My conscience is therefore clear. In fact, a great lesson for us was when Nirma had 10 years of untramelled growth — but did not maximise profits. In this, Karsanbhai set a great example for all of industry.

■ On his role as group chairman.

Rather than 4 different companies, Lever today is developing a group identity in India. This had already started under Ashok Ganguly, and we are completing the process. A precondition for growth is a properly motivated, trained and performance-oriented management group. Also, with changes in economic policy, the ground rules are changed. My task will be to see the group through this period of transition without diminution of growth prospects and profits.

■ On how he sees the Lever group's role as the third largest professional group in the country.

Size and prominence places a responsibility — corporate behaviour has to respond to this. As a fallout of size, Lever may be called upon to contribute to group efforts by industry, joint industry-government initiatives or at the IITs and IIMs. Such efforts could be peripheral to business objectives, but would have to be accepted as a responsibility.

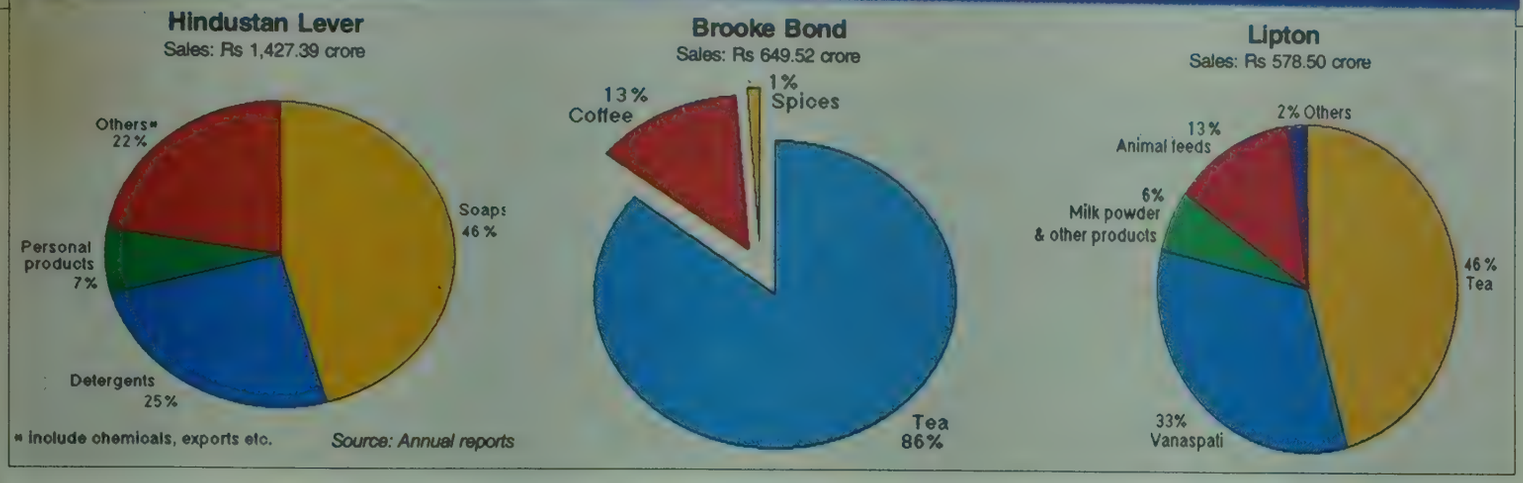
■ On his style, which is seen as more "consensus oriented" than his predecessors.

I deliberately build up a consensus — without general agreement, even a good idea could be sunk. In fact, when I was younger, I found that pride of ownership in an idea could lead to situations where one could be accused of intellectual arrogance! In our quality thrust, for example, it took 18 months to build up a consensus throughout the organisation — but our subsequent success would not have been possible without this consensus.

■ On possible complacency, given Lever's current success.

Profits and growth could perhaps lead to a complacent attitude. To guard against this, it should be possible to build up sub-tasks, so that attention can be focused, and everybody need not look at the 20% growth that could be regarded as coming anyway. And, then, failures and shortfalls need to be constantly analysed — and kept in mind to keep complacency away.

And, of course, an important part of the chairman's role is to create some discomfort all round!



toothpastes, HLL had a marginal presence a few years earlier. Now, with the launch of Close-up, a respectable 20% marketshare has been obtained (together with Signal), second only to Colgate's 55%. And in shampoos, with 40% of the market, HLL is certainly the leader. With inflationary pressures building up, growth in market demand could be tapering off, but the company is clearly determined to make the investments that will sustain its brands.

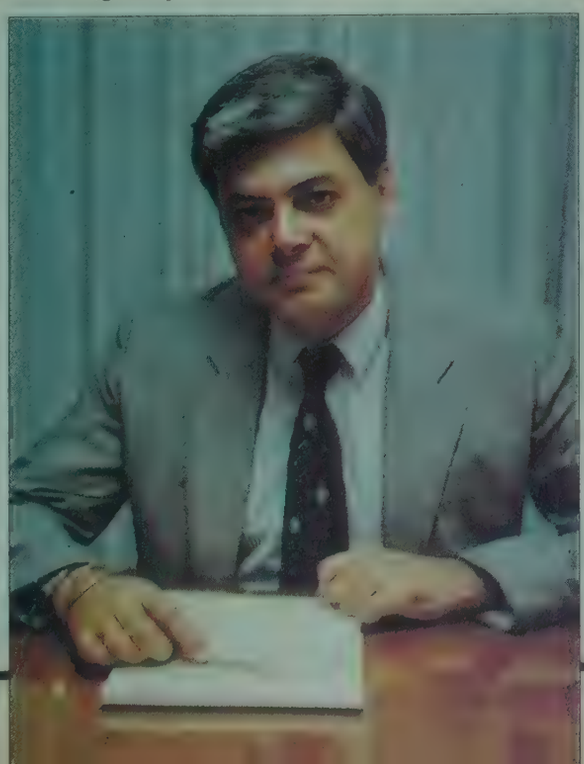
Advertising budgets, therefore, are on the up and up. In 1990, Rs 40 crore was spent compared to Rs 23 crore in 1989, and this year, there could be a comparable rise. However, marketing people at HLL make the point that while new launches have demanded a higher total budget, spending on existing brands has been much the same as in the previous year — while inflation in media costs has been no less than 20-28%. In other words, they would like to believe that the advertising expenditure is more cost-effective than before.

Marketing savvy would have been of little avail unless HLL had been able, over the past 3 years, to increase the volumes of its manufactured output. In 1985, the company had been over 60% dependent on a single location: the Sewri factory in Bombay, where productivity and industrial relations problems had started surfacing. In the subsequent years, with the success of the company's experience in leased outfits like Stepan Chemicals in Punjab (now a subsidiary company), and Union Home Products at Bangalore (now acquired), HLL's single-location dependence is decisively a thing of the past.

Forays into backward areas like Chhindwara, Sumerpur, Orai and Dabgram make the picture look even more radically different. Today, the company has 14 or 15 manufacturing installations, compared to only 3 in the early eighties. Some of these new factories are in the process of significant expansion, reaching 30,000 and 50,000 tonnes per annum (tpa) each. And, with all the geographical dispersal, the company is handling volumes upward of 5 lakh tpa — double the figure 4 or 5 years ago.

Continued growth and dominance in soaps and detergents make it imperative that HLL should have some control over key inputs — the motive that made the company start manufacture of sodium tri-polyphosphate (STPP) at Haldia at the end of the seventies. Today, a similar effort will have to be made to implement the letter of intent for Lab manufacture. But with raw materials (kerosene, benzene) nowhere in sight at the assigned location (Karnal in Punjab), the company is still exploring possibilities either of alternative locations or of price equalisation of the inputs in the event these have to be transported from distant places. In the meanwhile, it helps little that the project cost may have doubled from the original estimate of Rs 230 crore.

SINGH: *Quality at low cost*



HLL's growth in the domestic market has meant that there is a concomitant pressure for exports, since the obligation under the Foreign Exchange Regulation Act (Fera) for a 51% foreign shareholding imposes a 10% export requirement. The company has traditionally emphasised manufactured exports and, even though 60% of its current Rs 200 crore business comes from agri-foods, these are accounted for by value-added products like branded tea and packaged basmati rice. New growth areas will be in leather goods, where a Rs 15 crore factory is being set up in Pondicherry for Rs 60 crore per annum tied exports to a US collaborator; marine products, where similar investments are being made, and there are buyback agreements with Japanese importers; and in a factory at Khamgaon in Maharashtra, which will manufacture some 10,000 tpa of Pears soap for Unilever. India will, in fact, be the sole Unilever sourcing for Pears, and this is a departure from the previous practice where HLL has only been a source for spot supplies to the international company.

Hari Mundra, who is in charge of Lever's export business, is optimistic about the longer term, but has some complaints about the immediate present. "We shall achieve targets this year only with some difficulty," he says, "and that is because the conditions are difficult. The Russian market has collapsed, and there is a recession in the UK and the US. Moreover, currently, the rupee is fixed against the dollar, even though it is depreciating against the deutsche mark and sterling. Domestic inflation may therefore hit exports to the US. Nevertheless, we are looking upon exports as an area offering strong commercial opportunities, and have set stiffer targets for 1992."

A key element at Lever today is the group synergy. In exports, for example, HLL has been helped by Lipton and Brooke Bond, which have been leaders in tea packaging for many years in this country, and packet tea constitutes a very important part of Lever's export portfolio. But more than such specific business synergies, Lever has so far emphasised the human dimension of the group concept, where common systems and a single management pool ensure a similar outlook and value systems in all the various companies.

Naren Nanda, in charge of HRD in HLL, feels that the effort to have a common "culture" in all the group companies ensures greater professionalism. "Hindustan Lever today has 700 managers, and there is a similar number in all the other companies," he says. "Common recruitment, evaluation and remuneration systems ensure that there is an even degree of managerial talent in all the companies. Through rotation and intra-group transfers, managers get greater exposure, and their jobs are enriched."

Efficiency could perhaps thereby be increased, but the effort to impose cultural uniformity has sometimes led to problems, with the "little brothers" occasionally resenting interference from big brother HLL. This has less to do with business matters than with the egos and human failings of senior managers. But, over time, blips are likely to be sorted out and there is little doubt that commercially all the companies are doing quite well.

Lipton may not have been wholly successful in its new foods ventures, but has coped with the losses through the current strengths of the mainstay businesses and, importantly, gained experience. Pond's is firmly ensconced in the personal products and export niches. And Brooke Bond is making a major foray for growth through diversification and acquisition.

Of these 3 companies, it is Brooke Bond's growth-by-acquisition strategy which is currently drawing most media attention. The purchase of the Kothari General Foods (KGF) 6,000 tpa instant coffee plant, which is in the process of being finalised, will cost the company some Rs 9 crore, together with Rs 20 crore of liabilities for loans. However, KGF's Rs 15 crore accumulated losses will offer Brooke Bond a tax shield and, further, the company will be able to add some 35% to its installed capacity for instant coffee manufacture at a very convenient location. KGF's new, readymade, state-of-the-art technology plant has its own advantages.

Brooke Bond is also buying United Breweries' foods business (with brands like Kissan and Dipy's jams and squashes) at a cost of Rs 10 crore. The business has a Rs 40 crore turnover annually, and a Rs 1.5 crore pre-tax profit, but the price may not be all that cheap because very substantial expenditure will have to be made for brand support. The proposal is being given final touches, with Brooke Bond India proposing to buy Mallya's 67% Indian shareholding, and Brooke Bond plc the 33% held by Cadbury Schweppes overseas.

Growth through acquisition is an entirely new concept for the Lever group in India, and the first such steps were in the soaps and detergents factories taken over by HLL. Now, Brooke Bond is following suit in its own chosen areas. All this perhaps points to a future reorganisation of the various companies' businesses. So far, with the constraints imposed by industrial licensing in India, each company has carried on inherited businesses, even though there may have been an overlap — for example, in the personal products area between Lever and Pond's, or packaged tea between Brooke Bond and Lipton. In the future, a greater degree of specialisation or concentration may become almost inevitable, but this is still perhaps 5 or 7 years down the line.



DADISETH: *The rural thrust*

HLL chairman Sushim Datta, who took over from Ashok Ganguly about a year ago, therefore has a very exciting task ahead of him. So far, the HLL chairman has been informal head of the entire group, but now the role could become more formalised, since Datta is soon taking over chairmanship of Brooke Bond, and has already become chairman of Pond's.

Part of Datta's task, as he himself articulates it (see interview) will be to prepare the group for the growth that is to come. Datta will be aided in his effort by the psychological preparation that is already there — the Lever group today has rediscovered its marketing skills, is sure of its manufacturing strengths, and is unapologetic about size. And, in a liberalised regime, there could be even bigger things ahead.

□ Subrata Roy

THE LEVER GROUP: GIANT STRIDES

(Year ended 31 December 1990)

(Rs crore)

	Hindustan Lever	Brooke Bond	Lipton	Pond's	Quest International	Tea Estates	Doom Dooma
Sales	1,427.39	649.52	578.50	126.11	24.95	46.12	26.13
Excise	226.24	16.43	16.29	41.06	3.85	0.67	0.96
Pre-tax profits	110.74	55.68	12.05	8.57	4.93	21.81	13.65
Profit after tax	65.85	31.43	5.83	7.56	2.99	11.75	6.72
Share capital	93.32*	44.15	15.75	10.01	0.27	13.20	8.96
Reserves	162.05	53.54	24.51	19.28	6.59	15.17	9.66
Loan funds	159.06	68.39	34.46	4.00	1.05	—	10.91
Earning per Rs 10 share (Rs)	7.05	7.11	3.70	7.55	110.74	8.70	7.50
Dividend (%)	42.00	40.00	22.00	37.50	100.00	60.00	50.00

* The company has proposed a 1:2 bonus share issue.
Source: Annual reports.

BSES: GAINING POWER

Power to the private sector. This may no longer be a meaningless slogan under the new liberal economic regime – among the areas being opened up to private capital is the power generation and distribution sector. In fact, according to reports, the international financial institutions are pressing for the liberalisation of this sector on a priority basis.

But the private sector may not be ready to bite the bait at once. Till they do so, it is the existing private sector players in this arena who will have the opportunity to consolidate their positions. And among the certain beneficiaries will be the Bombay Suburban Electric Supply (BSES).

"We are far more experienced than others in this sector and hence have a head-start," says BSES chairman & managing director M.L. Shishoo. And his optimism is not misplaced.

For many reasons, BSES is already one of the most efficient power companies in India. Consider:

- BSES, incorporated in 1929, is now very comfortably placed on the learning curve. It can claim the honour of being one of the country's few efficient electricity distributors. And in comparison to the abysmal performance of the various state electricity boards (SEBs), BSES's performance stands out. Besides, as Shishoo points out, his company can operate on a purely commercial basis, while the SEBs are constricted by undue political pressures. And every further loosening of controls will allow BSES to build on this advantage.
- BSES also has a very lucrative captive consumer area — the Bombay metropolis. The advantage here is 2-fold. First, a consumer mix skewed towards urban users is far more profitable than a largely rural base because supply to the agricultural sector is subsidised. While the average unit cost of generation and supply of electricity to the rural areas is 96 paise, the average price realisation works out to only 16 paise. The result: rural electricity suppliers are in the red. "Supplying power to the rural areas is not remunerative," says Shishoo. "At best, the government should treat it as a welfare activity."

There is a second advantage in catering to Bombay. "The SEBs have to transmit power over long distances and they have to meet small requirements in isolated pockets. We do not face these problems and the ensuing high proportion of transmission and distribution losses," notes Shishoo.

- BSES, though it has restricted itself to power distribution, has not faced procurement problems as the Tata Electric Companies have been reliable suppliers.

Then why the move into power generation with plans to set up a 500 Mw thermal unit at Dahanu (near Bombay)? The reasons are manifold. Among them are the fact that having a captive power source will be much more economical. But the main reason for this diversification is that BSES was almost forced into this area. When the company's 25-year-old licence for power distribution came up for renewal in 1976, it was renewed on the condition that it would put up a 500 Mw thermal plant at Dahanu. The company held on till last year, when it decided to go in for the Rs 1,000 crore project.

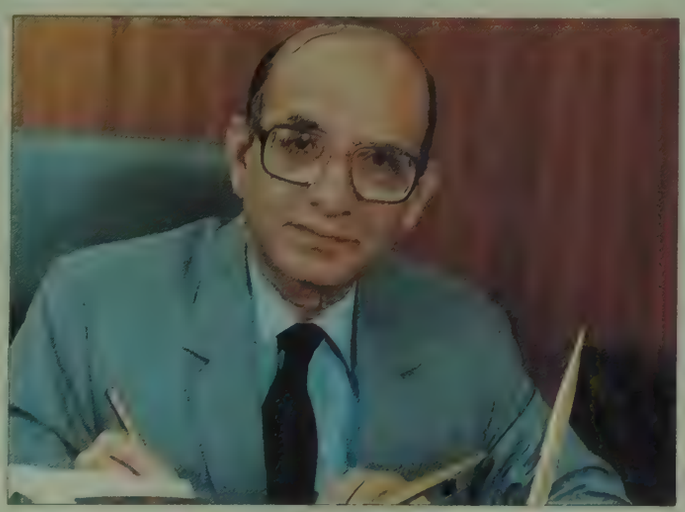
- Over the years, the company's contracts division has gained substantial experience in the erection of both hydel and thermal power stations. As a result, not only will it be in a good position to implement the Dahanu project efficiently, but may also one day become a source for new business for the company.

But there are some problems. Though the government has recently proposed major changes in the Indian Electricity Act 1910 and the Electricity (Supply) Act 1948, private power in the near future could be a mirage for various reasons. Take the mode of financing, for example. The new law proposes a debt/equity ratio of 4:1. Besides, at least 60% of the total cost must be raised from sources other than the financial institutions.

Thus, if a 1,000 Mw project is being planned, the average cost will be around Rs 2,500 crore. That, by the new rules, translates into Rs 500 crore of equity and a total of Rs 1,500 crore of public funds. "It is hardly going to be easy to raise this amount from the public," notes Shishoo.

A further problem is bound to crop up. The return on net worth for electricity companies is a regulated rate. This has now been increased from 2% over the bank rate to 5% which roughly translates itself into a maximum 16% rate of return — hardly the type that will enthuse investors.

But the new rules, especially the enhanced rates for return on net worth, are bound to benefit existing private companies like BSES. This fact has not been lost on Dalal Street. The BSES scrip which was hovering around Rs 350 last year (face value: Rs 100) is now stalking the Rs 100 territory (face value: Rs 10).



SHISHOO: *Ideally placed*

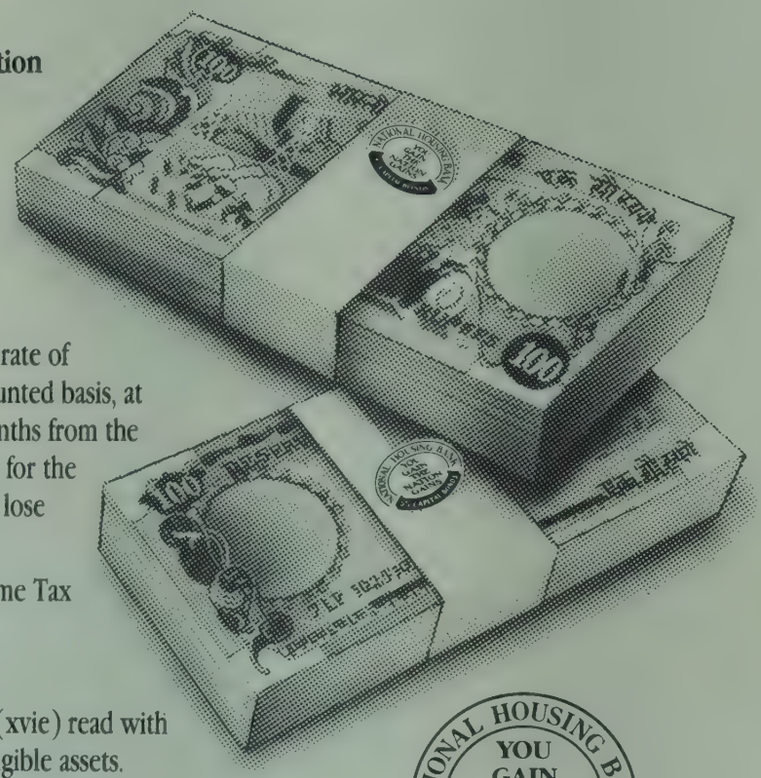
But it isn't only the small investors who have been enthused by BSES's prospects and potential. The company was reportedly also a target of a takeover raid by the Ambanis. And while that particular threat was short-circuited, more could be coming.

But all this is in the realm of guesswork. What is more certain is the fact that BSES could eventually be one of the beneficiaries of the new liberal climate. Especially when one considers its vast experience in the power arena, its access to an affluent consumer base and the development of its own captive power source. "Given those factors, I can say that we are the ideal case for private participation in the power sector," says Shishoo. Now that's a powerful claim. And a believable one.

□ Niranjan Rajadhyaksha

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HFL: CHANGING GEARS?

It has certainly been going down a bumpy road: Bombay-based auto ancillary outfit Hindustan Ferodo Ltd (HFL) has faced a lot of problems in the recent past. First its Ghatkopar-based friction materials plant got tangled in labour strife for 7 months. The scenario was repeated at its Bhandara (Maharashtra)-based unit, though for a shorter 3-month period. Then its attempt to hawk off its bleeding Jalna-based clutch division flopped. To top it all, the company's high wage bill continued to punch holes through its profitability. (In the year ended 31 March 1991, salaries and wages accounted for nearly 22% of gross revenue.) The result was inevitable: HFL skipped dividend for the year.

The scenario is not so bad today. With the management and labour now seeing things eye to eye rather than eyeball to eyeball, the mood at HFL is upbeat. The company is gearing up to make an export thrust. It is also scouting around for opportunities in the liberalised business environment and looking ahead to better times.

That the management is confident was aptly demonstrated by the presence of HFL's 39.9% foreign collaborator Turner & Newall (T&N) executive director Amar S. Sabberwal at the company's 27th annual general meeting recently in Bombay. Says Sabberwal: "Our commitment to India is total."

In a display of that commitment, T&N has drawn up a result-oriented plan of action for HFL. The highlights: the parent company is to offer HFL assistance to ensure just-in-time delivery and help the Indian partner explore export markets for brake linings and other friction materials. Says Sabberwal: "T&N has Rs 1 crore worth export orders from the US and about £1 million worth orders from European markets. We will now help put HFL's products in these markets."

That is the kind of assurance HFL, which belongs to the Raghu Mody group, was always badly in need of. Thus it is no surprise that the company is working out an aggressive export strategy and gearing up to develop new products. "We are in the process of developing new clutch facings based on first-hand technology, which does not involve any royalty payment," says chairman Raghu Mody. Whose technology is this? T&N's, obviously.

This technology is largely to help HFL move away from the environment-unfriendly and health-hazardous raw material, asbestos. With asbestos substitutes such as fibres and resin becoming worldwide the norm in the manufacture of friction materials, HFL's toeing the line will give it a chance in the export markets.

But there is a problem here on the home front; these asbestos-substitutes are at least 30-40% more expensive. And, for a company which is yet to put up a good performance, such a cost-push can be counter- productive. HFL managing director Amar Singh, however, allays the fears: "What we have to do is start using the more expensive asbestos-substitutes now and step up our research and keep ourselves abreast of the international developments so that their cost can be whittled down as we go along." That approach has worked abroad: during the mid-eighties when the US and European friction material manufacturers opted for resin and fibres as asbestos-substitutes, they were 60% more expensive than what they are today.





SABBERWAL (TOP) & SINGH: *Concentrating on exports*

Meeting international standards and concentrating on exports is mandatory for the company; HFL's import ratio continues to be uncomfortably high. During the year ended 31 March 1991, as much as 38% of its raw material requirement was met through imports (40.26% the year before). And, sans an import-reduction drive, no export drive is going to help the company end up a net forex earner (HFL's exports during 1990-91 were Rs 43 lakh against raw material imports of Rs 3.01 crore). Moreover, buying exim scrips at the current 40-45% premium would add to the costs.

Sabberwal has this assurance: "T&N will help export HFL's products to hard currency areas, and the Ferodo family of companies in the US, Italy, France, Spain and elsewhere will certainly lend a helping hand in this export quest." There is more help forthcoming. In a major bid to turn HFL into a viable and a vibrant auto ancillary-player, T&N is also considering a proposal to source a few components from India. Says Sabberwal: "T&N is looking at spare capacities in India and HFL has that." The capital required for the manufacture of friction materials is quite high and if T&N finally decides to source components from HFL, that should pave the way for the optimum utilisation of the latter's resources.

A spectre is haunting HFL at home, meanwhile. That of international competition. Whipping up fears is the expected arrival of auto ancillary players from Japan. The most probable of them: Sumitomo Electrical Industries. Sabberwal is unfazed: "When the Japanese come to India, we will explore ways of joining hands with them. Why not?"

Sounds fine. But, a bit surprising is T&N's commitment to HFL, which is yet to prove its mettle. Explains Sabberwal: "True, HFL is yet to live up to our expectations fully, but it will." HFL's wide sales network and an excellent brand image are the strengths T&N has identified. And it thinks the company can build on them now. "HFL has raised our expectations after its labour tangle was resolved. And now we are anxious that it should live up to them," says Sabberwal. That's not a very tall order. And, if followed to the fullest, it could result in a fit as a fiddle HFL.

□ A.H. Ghani

The management and labour are seeing things eye to eye rather than eyeball to eyeball

NEWS BRIEFS

■ **Britannia Industries** has entered into a joint venture with offshore non-resident Indian company JMRPCO for the development of Indian export food processing and domestic beverage interests. The new company, styled Britco Foods, will be located in Maharashtra. JMRPCO is jointly owned by Rajan Pillai and Coca-Cola South Asia Holdings.

■ Polyolefins Industries Ltd (**PIL**), a joint venture of the Arvind Mafatlal group and Hoechst AG of Germany, is planning to float a number of export-oriented projects, according to *The Economic Times*. The projects involve conversion of chemical intermediates and polymers manufactured by PIL into value-added products for export to southeast Asian markets.

■ Bharat Heavy Plate & Vessels (**BHPV**) has manufactured, for the first time in India, a high-pressure heat exchanger — a urea stripper. The stripper, also designed by BHPV, has been supplied to Rashtriya Chemicals & Fertilizers.



BHPV's UREA STRIPPER: *It's Indian!*

■ German group **Thyssen AG** is reviving a 2-year plan to set up a joint venture in India with Larsen & Toubro. High technology conveyor systems, including state-of-the-art escalators and elevators, will be manufactured under the project.

■ Tata Chemicals Ltd (**TCL**) has finally obtained deemed export status for indigenous equipment suppliers who had won contracts under international competitive bidding for its Babrala fertiliser project. TCL can now avail of the $26.4 million forex loan through an arrangement with the Industrial Development Bank of India for the import of some other equipment.

■ Gujarat Bauxite Ltd (**GBL**), a subsidiary of the Miraj group of companies, has bagged a Rs 2 crore order to export 50,000 tonnnes of low-grade bauxite to the Dubai-based Commodities Trading Corp.

■ The Uttar Pradesh (UP) government has again taken over **UP Cement**, cancelling its earlier deal with Dalmia Industries. The state government has transferred to itself all the shares owned by Dalmia through an ordinance. Dalmia says he's going to fight every inch of the way to get the company back into his fold.

■ The government has slapped a fresh claim of Rs 30 lakh on **Hoechst India** under the Drug Price Equalisation Account (DPEA). This is in addition to the earlier claims of Rs 78 crore against the company.

■ Swiss engineering giant **Buhler** is making an entry into India through its newly incorporated subsidiary Buhler India. The subsidiary, to be located near Bangalore, will initially concentrate on assembling oil milling, animal feed milling and wheat milling plants, pneumatic conveying systems and mechanical silos to store foodgrains. It also plans to specialise in turnkey projects.

■ The government has cleared the long-pending proposal of the B.K. Modi group to set up a joint venture in India with the London-based *Financial Times* to launch the Asian and west Asian editions of the business daily.

■ Madras-based Premier Housing & Industrial Enterprises Ltd (**PHIEL**) has taken over PL Finance (also Madras-based), a company promoted by Pierce Leslie India. PHIEL has secured 9% of PL Finance's equity.

■ **Corning Glass Works** of the US and associate company Samsung Corning of Korea will invest $10 million by way of equity in Samcor Glass, the Delhi-based Samtel group's joint venture with the 2 foreign companies. The Rs 220 crore project will manufacture TV glass shells, panels and funnels.

■ Goodyear Tire & Rubber Co of the US has offered to buy part of the nitrile butadiene rubber (NBR) production of **Gujarat Apar Polymers** for the Japanese market. This is despite the fact that a buy-back arrangement was not part of the technical collaboration agreement between Gujarat Apar and Goodyear. The reason: growing global demand which cannot be catered to by the US and European plants of Goodyear.

■ Ankit Granites Ltd (**AGL**), a 100% export-oriented unit coming up in the Sipcot industrial area of Hosur district (Karnataka), has concluded export contracts with a US and a Japanese company which will buy 60% of its products. AGL is a Rs 9.32 crore project with a production capacity of 1.44 lakh square metres of polished tiles a year.

■ The Rs 217.5 crore polyester filament yarn (PFY) project set up by **Raymonds Synthetics** has been successfully commissioned. The project, which is located near Allahabad, is promoted by Raymond Woollen Mills. Trial production commenced in July 1991.

RAYMONDS SYNTHETICS' PFY PLANT: *Successfully commissioned*



■ Khaitan Hostombe Spinels Ltd (**KHSL**), the flagship company of the Khaitan group of Padrauna in Uttar Pradesh, has taken up a Rs 18.5 crore expansion-cum-diversification programme for the manufacture of special dead brunt magnesite and simultan clinkers.

■ Tata Consulting Engineers (**TCE**) has bagged a $1 million contract from the Iran Power Generation & Transmission Co (Tavanir) to render project management services for its 3x390 mw combined cycle gas-based power plant at Rasht in the Gilan province in Iran. TCE's scope of work includes the review of technical documentation on site and in India, project monitoring, construction & commission supervision and transfer of technology to Tavanir's engineers.

■ Reliance Industries Ltd (**RIL**) has drawn up plans to raise foreign exchange from international investors and get its securities listed and traded abroad. According to RIL chairman



AMBANI: *Foreign foray*

Dhirubhai Ambani, the forex raised abroad will be used to fund technology imports for the company's ongoing capital expenditure programme.

■ The newly-constituted Foreign Investment Promotion Board (FIPB) has cleared the $35-40 million proposal of the US food processing firm **Kellogg** to set up manufacturing facilities in India.

■ The Baroda-based **Jalan Ispat Castings** is setting up a 60,000 tonnes per annum (tpa) sponge iron unit at Raigarh (Madhya Pradesh) at a cost of Rs 55 crore. The coal-based unit will be set up in 2 phases.

EVENTS

■ Kantikumar R. Podar has been elected president of the Indian Council of Arbitration (**ICA**), which is sponsored by the Union ministry of commerce. Podar is vice-president of the Federation of Indian Chambers of Commerce & Industry.

LAUNCHED

■ Operations Research Group (**ORG**) has launched a Centre of Business Studies to provide consultancy studies to industry on a wide range of business-related activities. The centre will undertake studies in the areas of techno-economic feasibility, diversification, business expansion, export promotion, corporate image, environmental/energy-related studies, industrial market research and related areas.

■ Singapore Airlines (**SIA**) has launched the world's first global sky telephone service — Celestel. With this system, passengers will be able to communicate with virtually any point on the ground from anywhere in the world inflight, SIA claims.

■ **KLM Royal Dutch Airlines** has announced a further expansion of its passenger and cargo capacity to and from India. KLM has begun operation of its third weekly turnaround flight to Amsterdam on Fridays — making it an even spread on Mondays, Wednesdays and Fridays. It is also restoring the weekend flight which it had operated prior to June 1991.

■ Delhi-based Hotel Janpath has introduced the **Janpath Food Plaza** — an exclusive open-air multi-cuisine outlet on the hotel premises. The plaza is patterned on the lines of the internationally-famous Newton's Circle at Singapore.

■ **Orient-Express Hotels** is launching a new luxury train service in southeast Asia termed the Eastern & Oriental Express. The service, scheduled to begin in 1992, will make a return trip a week between Singapore, Kuala Lumpur and Bangkok. The journey will take 41 hours and include 2 nights and 1 full day, covering a distance of 1,943 km.

■ The Indo-German Chamber of Commerce has, for the first time, moved into the field of education. The chamber has opened a commercial training centre termed the Indo-German Training Centre (**IGTC**). The IGTC uses a dual system whereby theory is combined with practical on-the-job skills. The centre will be partially funded by the German government via the Centre for Integrated Migration (CIM) and the Agency for Technical Cooperation.

AWARDED

■ S.P. Godrej was felicitated by the World Wide Fund for Nature (**WWF**) for his commitment to the environment at London recently. He was presented with a print of 'The



White Pelican' signed by Prince Philip and world-famous Canadian wildlife artist Robert Bateman. Godrej is a founder trustee and vice-president of WWF-India.

■ Mahanagar Telephone Nigam Ltd (MTNL) chairman & managing director M.P. Shukla has been presented the **Bharat Vikas Award** for his role in streamlining telecom services in Bombay and Delhi. The award was instituted by the NRI Institute, an international voluntary promotional organisation of resident and non-resident Indians.

■ Jauhari Lal, director (personnel) of Oil India Ltd (Oil), has been given the first **Rajiv Gandhi Memorial Award** for excellence in personnel management by the Andhra Pradesh Central Public Sector Employees Federation.



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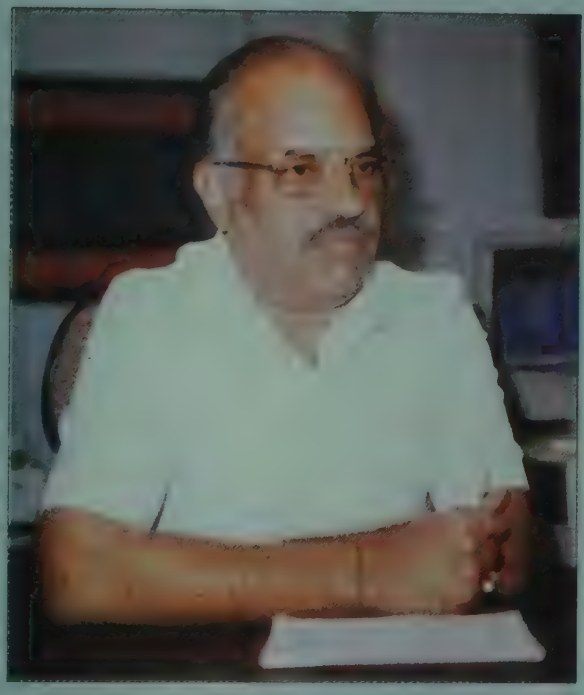
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Sobhagya/247/91

"THE TREND IS HEALTHY"

In 1956, he joined Indian Bank as an assistant. Some 35 years later he heads the Indian Bank Mutual Fund (IBMF) as president. S.M. Subramanian is in the right place at the right time with the markets opening up. And he has already won his spurs; the first two funds launched by the bank have turned in sterling performances. Growth fund Ind Ratna gave a 17% dividend in the very first year and income fund Swarna Pushpa, which had assured only 12%, declared a dividend of 14.5%. The bank has since floated other schemes in Ind Jyoti, Ind Sagar and Ind Moti. BusinessWorld *spoke to Subramanian on the prospects of the markets and the mutual funds.*



■ On the current state of the market.

In the recent past, the market has not gone down or up substantially; at most there have been marginal fluctuations. This is because mutual funds and other financial institutions are coming to the support of the market. They cannot allow the market to fluctuate by more than 50 points. So the current trend shown by the market is very healthy.

■ On where the market is heading.

The coming weeks will be bullish. There won't be any sudden spurts, but the trend will be upwards. Once the *muhurat* business starts, the market will really pick up. At the most there could be slight fluctuations occasionally due to technical reasons.

■ On his advice to investors in the current market scenario.

For a new investor, my advice is not to enter the market now. But if he wants to do so, he should invest in cash shares and not in the forward market. If he is the type who looks for short-term, marginal gains, then he has unfortunately just missed the opportunity to buy in the first week of October. Now he must wait till another technical correction in the market takes place. In the long-term view, of course, one can invest anytime.

■ On the strategy a small investor should follow.

He should look for low-priced shares which have definite advantages in the future. For instance, in the case of sponge iron, a lot of new units have come in, and they have very fine futures. Cement companies which were never noticed before have now wiped out losses. New units which are 100% export oriented have bright futures. For example, Woolworth India, a company just 2 years old, has been quoting at around Rs 90.

■ On scrips the investor should hold on to now.

The investor should particularly hold on now to steel and cement scrips. By steel I mean even housing construction materials. Other than these he should hold on to scrips of the chemical and bulk drugs industry.

■ On whether it is better for an investor to go in for mutual funds or into the equity market directly.

For any new investor, my advice is to avoid entering the market directly. Invest in mutual funds initially; they will take care of your money. Do this for a year or two and also study the market. Though returns may be lower than from trading directly in equity, it will help the investor in not only gaining more confidence to identify profitable scrips but also in generating more money later.

■ On the different types of mutual funds.

There are mainly two types of funds — growth funds and income funds — with various schemes that come under them. In the latter case we assure minimum dividends. Therefore, we cannot invest a major part of the fund in equity. So about 75% of the fund is invested in fixed income securities like debentures and only about 25% in the market. In the case of growth funds, we only assure high growth. Here we tell the investor that there is an element of risk involved and he thus becomes a partner in our trading. So here almost 90% of the corpus is invested in equity and only about 10% in other instruments.

■ On the IBMF portfolio.

The general guideline for any mutual fund is that its investment in any industry should not exceed more than 15% of the fund, and we have never exceeded this limit. So our portfolio has about 20 industries, which include textiles, steel, cement, paper, consumer products, tea, tobacco, chemicals, pharmaceuticals, housing materials, electronics and communications.

■ On the industries seen by IBMF as having most potential.

Steel, cement, export-oriented units, Fera (Foreign Exchange Regulation Act) companies and companies which have diversified interests like Grasim and Hindustan Lever.



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EXIM Bank, in its search for mavericks in the arena of exports, identified several additional opportunities for Mekins' export growth. Together, they chalked out a strategic international marketing strategy to identify not merely new markets, but new products for existing markets as well.

With EXIM Bank's involvement, Mekins developed promotional materials and launched an international marketing plan aimed at developing countries. This thrust has resulted in rapid growth. In four years, the firm's exports expanded from Rs 60 lakhs to Rs 10 crores this year.

In the process, Mekins won a series of export awards and set up two new production plants.

Having established itself in the appropriate technology area, Mekins is now focusing on European markets. It has entered into collaborations, with buy-back arrangements, from Italy, Austria and has developed a range of equipments for mechanised farming.

Mekins is one success story in a series constituting the EXIM Bank casebook. The EXIM Bank casebook continues to grow, proving that, given the business will and the right product, success in export markets is not elusive. At EXIM Bank, specialists work with Indian business firms in designing international marketing strategies and help build export successes.

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1982 - 1991

TWO PRIME PICKS

CLIFTON DESILVA

FAG Precision Bearings was incorporated in April 1962 as Precision Bearings India in collaboration with Norma Huffman Bearings of the US. The company is a leading manufacturer of ball and roller bearings with a licensed capacity of 14.9 million numbers and an installed capacity of 9 million as on 31 March 1991. In 1990-91, production was 8.16 million and sales 7.81 million; the realisation worked out to Rs 53.10 crore. From a modest turnover of Rs 16 lakh in the initial year (production commenced in 1964), the company reached a figure of Rs 58.95 crore (including trading sales) for the year ended March 1991.

The name of the company was changed to FAG Precision Bearings in 1986. Several expansion and modernisation schemes have been successfully implemented by the company since. The company added new items like rerailing equipment in its manufacturing activities.

Last year the company received permission for enhancing its capacity to 14.9 million per annum. This task was undertaken by implementing a technology upgradation and modernisation project involving a capital outlay of Rs 48 crore. With the help of this project, FAG Precision's manufacturing capacity would increase to 18.6 million bearings per annum. The project implementation was to be completed by July 1991. The current status of the project, however, is not known. Besides this, a new factory building, adjacent to the existing factory, has been constructed. And to part-finance this project,the company issued in March 1991 3.10 lakh 12.5% fully-convertible debentures of Rs 400 each aggregating Rs 13.42 crore. Each debenture is to be converted into 10 equity shares of Rs 10 each at a premium of Rs 30 per share on 1 April 1992.

This was the second exercise undertaken by the company in a short 2-year span. Earlier, in 1988-89, the company drew up an expansion programme at a capital outlay of Rs 30 crore. To finance this expansion, the company had issued convertible debentures of Rs 115 each aggregating Rs 1.80 crore.

In April 1990 each debenture was converted into 1 equity share at a premium of Rs 15 per share, thereby increasing the equity to Rs 5.12 crore. The equity shares were split in denominations of Rs 10 each later on.

Over the years FAG Precision has been performing well. A look at its performance over the past decade shows a highly encouraging trend. The company has been investing heavily in asset formation. The gross fixed assets, placed at Rs 9.93 crore in 1981, grew phenomenally to Rs 50.39 crore for the year ended March 1991. During this period, the company's sales jumped from Rs 9.43 crore to Rs 58.95 crore. Production, which was 2.9 million numbers 10 years ago, shot up to 8.16 million. Profitability, too, kept up with the rising trend. Net profit which was a mere Rs 58 lakh at the beginning of the decade ballooned to Rs 4.17 crore for March 1991 at which date the equity share capital stood at Rs 5.12 crore and reserves at Rs 12.32 crore; this accounts for a book value of Rs 34.06. The earning per share (EPS) was Rs 8.14 and the dividend paid was 20%.

FAG Precision Bearings and Kar Mobiles are two attractive picks worthy of long-term investment

The company's new plant is expected to commence production shortly. However, FAG Precision will enjoy the benefit of this expansion only next year. During the current year the production of bearings is expected to cross the 10 million mark on which sales are expected to be in the region of Rs 80 crore.

In view of the encouraging present and future outlook, the shares of FAG Precision Bearings appear attractive for investment at the current rate of Rs 110.



Kar Mobiles is a leading manufacturer of engine valves with a licensed and installed capacity of 6.5 million pieces per annum. The company has two plants located at Peenya, Bangalore and the Hirehally industrial area in Tumkur.

For the year to March 1991, the company recorded a turnover of Rs 13.8 crore, an 11% rise when compared to the previous year figure of Rs 12.3 crore. Profit at the gross level, however, slipped to Rs 1.22 crore (Rs 1.38 crore). The management attributes the fall in margins to an abnormal increase in the cost of various inputs. It, however, claims to be taking suitable measures to stabilise operating costs and improve operations in the current year. The company is also making all-out efforts to maintain an improved level of operations by developing valves for a new range of engines, both in the domestic and export markets. During 1990-91, the company achieved an export turnover of Rs 3.86 crore compared to Rs 3.27 crore in the previous year — a growth of 16%. Net profit for March 1991 was Rs 89 lakh (Rs 1.01 crore) on an equity capital of Rs 1.12 crore. EPS worked out to Rs 7.94 and the dividend paid was 16%. Against the capital of Rs 1.12 crore, reserves stand at Rs 3.52 crore, accounting for a book value of Rs 41.40.

In view of the various measures being initiated by the management to improve the company's operations, Kar Mobiles holds promise. The shares, currently quoting around Rs 45 (Madras stock exchange), appear attractive for investment on a long-term basis.

• *The author is a Bombay-based investment manager.*

UNCERTAIN TIME

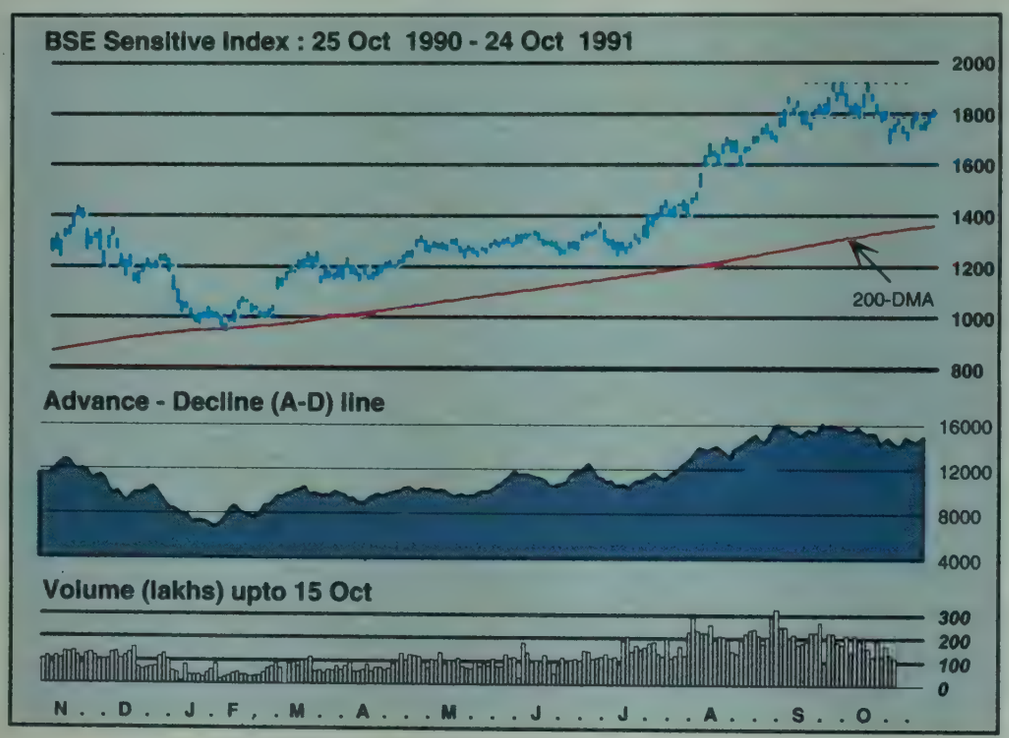
DEEPAK MOHONI

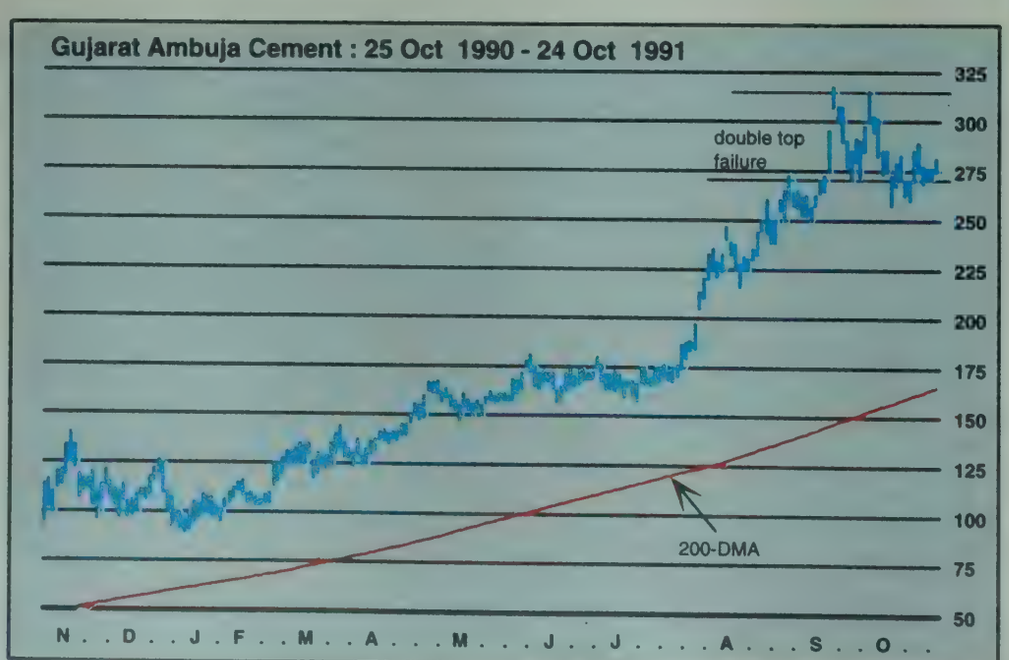


The stockmarket has begun to show some signs of strength, ever since it repeatedly received institutional support at lower levels. Both the major market indices improved modestly during the trading fortnight under review (14-24 October).

The Bombay stock exchange sensitive index (BSE Sensex) was better by 29.28 points (1.7%), while the National Index (NI) was up by 9.98 points (1.2%). The Sensex moved up from 1,764.50 on 11 October to 1,793.78 on 24 October, and the NI from 846.02 to 856 during the same interval. This should come as a booster for bulls who have been lying low for some time now.

Both the indices have completed a double-top formation. In the case of the Sensex, the two tops occurred at values of 1,918.21 and 1,916.77 on 18 and 30 September respectively, taking intra-day values into consideration. Between the recording of the two tops, the Sensex had dipped to 1,784.36 on 26 September. This point was the so-called valley bottom of the double top. This level was breached with the index falling to 1,773.15 (at close of trading) on 4 October. A 3% confirmation of the violation was also attained shortly thereafter.





The measuring implication of a double-top formation is derived by computing the distance between the tops and the valley, and projecting this distance below the valley. This would lead us to expect the market to fall to about 1,650 (at least). In the present case, the market fell to 1,685.57 on 9 October before recovering. The recovery looked very much like a pullback to the valley, especially since the market declined again to 1,698.63 on 15 October, before recovering once more.

SECOND RECOVERY

The second recovery culminated in the market closing above the valley bottom on 24 October, leaving us with two possible technical interpretations, both of which look plausible.

The first is that the double-top formation failed, because the market did not fall as far as 1,650, and then recovered to re-enter the double-top area. The second one is that the fall to 1,685.57 was close enough to 1,650 to regard the target as having been met, even though there is a difference of some 35 points. After all, one cannot be too precise with an index which is constituted of just 30 shares.

In any case, it does appear that we are in an uptrend in the intermediate term once again, as the market has been recording rising minor tops and bottoms. The next resistance levels are at about 1,850 and just under 1,920.

However, thus far we do not have any technical signals to indicate whether these levels will be reached or not.

We are probably going through the formation of some consolidation or distribution pattern, as yet uncertain but which should reveal itself within 3 or 4 weeks.

The advance-decline (A-D) line has not shown any divergence at all with the market displaying neither unusual strength or weakness as yet. We do not have any clues from the volume figures either.

Volumes have been on the low side, and have favoured neither advances nor declines; this only lends greater weight to the belief that we are within the genesis of some consolidation pattern — these are typically characterised by low volumes. This is also given weight to by other factors.

The 200-day moving averages (DMAs) of the two indices are continuing to rise. These were at 1,373.54 and 673.92 for the Sensex and the NI respectively. 73 "A" group stocks were above their 200-DMAs, while 5 were below. For all stocks, the figure is 830 above and 329 below, and is consistent with the long-term trend of the market continuing to be up.

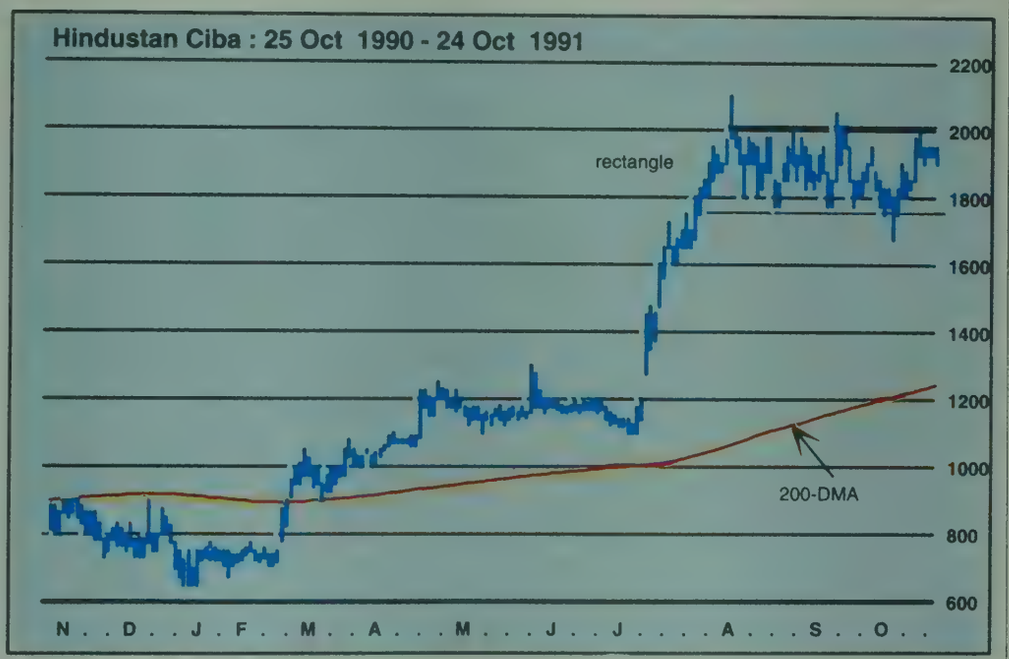
TRADING ZONE

Another reason for believing the market to be in a trading zone is that several stocks are behaving similarly. We have 3 "A" group scrips this fortnight, all of which are in a rectangle. These stocks — **Atlas Copco, Britannia** and **Hindustan Ciba** — could move either way, depending on which side of the rectangle the breakout finally occurs. The moves can be expected to be worth 20, 25 and 225 points for the 3 stocks respectively.

Finally, whether or not the Sensex saw the failure of a double top, high-flying cement manufacturer **Gujarat Ambuja Cement** certainly did. As can be seen from the chart, the price closed above the valley and has continued to be there for a while now. However, this does not tell us anything about what the stock will do next.

• *The author is a director of Midas Vision, which deals in software and computer graphics.*









S.S. Toshniwal is confident of churning out the moolah. Lactose India Limited (LIL), a company promoted by Toshniwal and S.M. Maheshwari, has set up a first-of-its-kind project in India — to manufacture lactose.

A carbohydrate used mainly by the pharmaceutical industry as a binder/filler in capsules and tablets, lactose is also used in the preparation of baby foods and confectionery and as a flavour enhancer.

Toshniwal is sure that he can't go wrong with this venture. Says he: "Presently, the total demand for lactose in India, which is around 5,000 tonnes per annum (tpa), is being met by imports. We plan to manufacture 465 tpa, a mere 10% of the total demand; hence our market is assured."

Alfa Laval (India) will be providing technical knowhow for the project, which is located in Gujarat. Commercial production is expected to begin by April next year.

To part-finance this Rs 4.50 crore project, the company will be entering the capital market this month with a Rs 3 crore equity issue for cash at par.



Bhai Mohan Singh has an eye for quality. He is teaming up with international eyecare major Bausch & Lomb (B&L) of the US to set up a joint venture — Bausch & Lomb India — to manufacture soft contact lenses, sterile lenscare solutions, metallic frames for prescription glasses and sunglasses.

And, with the number of myopics growing by leaps and bounds (the projected demand for contact lenses in the next few years is 10 lakh units),there doesn't seem to be any doubt that he'll rake in the profits.

The Rs 26 crore project, located at Bhiwadi (Rajasthan), is currently under implementation.

To part-finance this venture, the company is coming up with a Rs 12.9 crore debenture issue this month. The issue will be divided into two parts — Rs 3.64 crore will be 14% secured partly-convertible debentures (PCDs) of Rs 100 each and Rs 9.26 crore will be 17% secured redeemable non-convertible debentures of Rs 100 each. The PCDs will be divided into two parts — a convertible portion of Rs 50 (convertible into 5 equity shares of Rs 10 each at par) and a non-convertible portion of Rs 50.



His company has chalked up an impressive performance for several years. And now Rajinder Tubes Ltd (RTL) chairman & managing director D.S. Batra has proposals for diversification and expansion to take him to new heights.

The company has embarked upon a Rs 18 crore diversification project at Kanpur, adjacent to its existing manufacturing facilities. The project envisages the manufacture of cold rolled products and precision tubes with an installed capacity of 25,000 tpa. Implementation of the project is already under way.

Despite widespread demand for this product, the northern and eastern regions of the country have only 10% of installed capacity. The company will therefore have an advantage in concentrating on this region while marketing the new products.

Batra also has plans to set up a plant facility for hot rolled strips and coils with 75-80% of the production for captive consumption.

To finance the diversification project, RTL is coming up with a rights issue of Rs 5 crore for equity shares of Rs 10 each at a premium of Rs 10 per share.



Making pens is second nature to Ravi Mhatre, whose family has been in the business since 1945. In fact, for the past two years, his company Ravlon Pen Co, has even been exporting ball pen tips — mainly to European pen manufacturers. Now, in a bid to increase his exports, Mhatre is setting up a 100% export-oriented unit at a cost of Rs 11.96 crore to manufacture more ball pen tips at Mahad (Maharashtra).

Mhatre has no doubt that his new venture will be a success. His track record — Ravlon has grown at a steady pace during the past 5 years and has increased its capacity by over 200% — seems to justify his confidence. The devaluation in the rupee has also boosted profit prospects for the company, which is a net forex earner. Says he: "Devaluation has come as a windfall for us."

Mhatre has also landed a 5-year buyback arrangement with Swiss company Contecma-SA, which will ensure it a steady income.

To part-finace this project, Ravlon is coming up with a Rs 2.40 crore equity issue in mid-December.



Being one of the largest manufacturers of rolled steel products in south India hasn't made Suresh Kumar Bhuwalka, of the Rs 68 crore Bhuwalka group of industries, complacent. He is constantly upgrading technology and modernising equipment of flagship company Bhuwalka Steel Industries Ltd (BSIL).

BSIL, which recorded a turnover of Rs 22.98 crore and operating profit of over Rs 62 lakh in 1990-91, is equipped with 3 plants — 2 at Bangalore and 1 at Bombay — with a licensed capacity of 56,000 tonnes per annum (tpa). It is also a major conversion agent for the Steel Authority of India, Tata Iron & Steel Co and the Visakhapatnam Steel Plant.

Bhuwalka hopes to jack up capacity utilisation from 36,000 tpa to 45,000 tpa by 1991-92. Backward integration projects are also in the offing.

To finance these activities, BSIL is entering the capital market in December with a Rs 1.80 crore equity issue for cash at par.



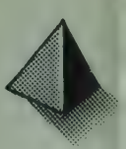
J.K. Singh of Mideast India Ltd (MIL) is certainly no johnny-come-lately to the leather business. After being in the circuit for about a decade, the low-profile counterpart of Rita Singh of the Mesco group of industries (of which MIL is the flagship) is now aiming for the spotlight.

Singh has proposals to jack up the installed capacity of his shoe unit at Noida to 6 lakh pairs per annum. A project to manufacture another 6 lakh pairs of shoes and 12 lakh pairs of major components per annum is also slated to come up at Ghaziabad (Uttar Pradesh) by July 1992.

Though Singh is more into pharmaceuticals, he says leather is the best bet for exports. "We are the first in India to establish totally integrated footwear manufacturing facilities that match international standards," he says. His latest venture is also export-oriented.

To part-finance the Rs 20 crore project, the company is entering the capital market with a Rs .7 crore rights-cum-public issue of Rs 10 shares at a premium of Rs 20 each by November-end. Of this, Rs 6 crore will be open to the public (including non-resident Indians); the rest will be subscribed to by the Rs 60 crore group.

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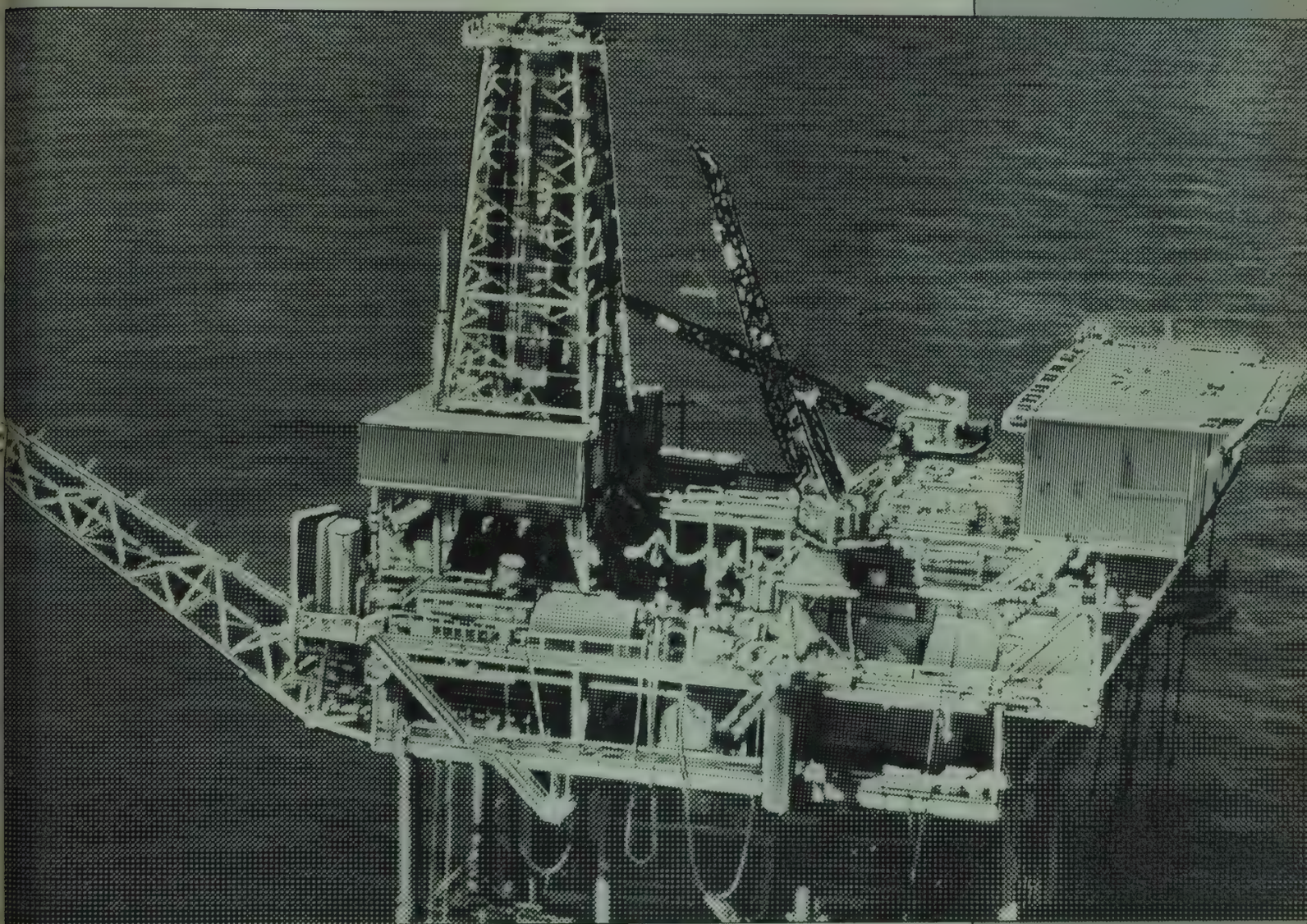


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VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 24 Oct	P/E Multiple	Last Bonus		Bonus % in Cap	MarketPrice				Yield on Mkt Price (%)	Price to BkVal Times
																		Ratio	Year		High 1990 Rs	Low 1990 Rs	High 1991 Rs	Low 1991 Rs		
AbacusComp(10/100/e)	9003	1.4	0.3	0.0	12.1	9.2	0.3	0.45	4.7	0.26	0.26	1.82	15.0	10.0	54	9.50	5.23	–	–	–	35	12	18	9	10.31	0.79
AbanLloyd(10/100/e)	9003	4.0	1.6	0.0	14.0	14.0	0.0	3.72	26.6	1.09	1.09	2.75	19.6	10.0	37	152.50	55.54	–	–	–	185	35	185	36	0.66	10.89
AbbotLabs(10/50/e)	9003	2.3	2.7	0.0	21.8	31.5	0.2	0.36	1.1	0.07	0.07	0.31	1.4	–	NA	60.00	192.9	–	–	40	60	32	70	30	NA	2.75
ACC(100/5/e)	9003	56.0	89.3	0.0	259.5	973.8	17.2	54.41	5.5	17.79	16.85	31.78	12.2	15.00	50	3230.00	101.6	1:5	86	33	2625	229	3900	1300	0.46	12.45
AdvaniOerl(10/100/e)	9003	7.0	9.1	2.5	22.9	107.1	1.3	4.37	4.0	1.21	1.21	1.73	6.5	15.0	87	20.00	11.57	1:1	86	46	33	15	25	16	7.50	0.87
AlembicChem(100/5/e)	9003	4.1	10.0	7.0	343.0	124.0	3.9	4.29	3.4	1.64	1.23	39.81	7.8	16.0	54	600.00	15.07	1:3	66	18	460	250	675	220	2.67	1.75
AlfaLaval(10/50/e)	9103	7.8	34.4	0.0	54.0	104.8	4.0	16.06	14.8	10.28	10.27	13.15	24.4	18.0	14	175.00	13.31	1:2	89	63	247	95	300	150	1.03	3.24
AmalRasayan(10/50/e)	9003	3.2	9.4	2.0	39.4	19.3	0.8	0.93	4.6	0.07	0.07	0.22	0.5	0.0	NA	60.00	273.4	–	–	–	83	38	78	34	NA	1.52
AmritBan(10/100/e)	9103	4.2	15.4	6.0	47.1	303.0	0.8	8.13	2.7	2.38	3.22	5.64	9.2	20.0	26	78.75	13.97	1:1	89	70	93	45	93	45	2.54	1.67
AntifricBear(10/100/e)	9003	3.2	7.9	0.0	34.3	48.1	1.9	6.84	13.7	2.67	2.71	8.08	23.6	25.0	31	137.50	17.02	1:2	81	23	145	60	130	65	1.82	4.01
AP Paper(100/5/e)	9003	5.6	18.6	0.0	429.8	132.3	2.7	17.44	12.9	13.22	12.83	234.81	54.6	25.0	11	1585.00	6.75	1:4	80	20	2100	625	2000	850	1.58	3.69
AppleInds(10/100/d)	9006	6.3	8.2	3.1	22.9	20.9	0.2	8.59	40.7	5.57	6.02	7.03	25.2	25.6	25	38.00	5.41	–	–	–	70	23	48	32	6.14	1.66
ArvindMills(10/50/e)	9003	7.1	38.4	0.0	63.9	179.5	3.4	12.46	6.8	5.25	5.78	7.36	11.5	27.0	33	92.50	12.56	1:3	86	55	120	43	108	52	2.93	1.45
AseaBrownBv(10/50/f)	9012	9.9	35.5	10.1	46.0	219.8	7.3	16.83	7.4	8.74	8.46	8.86	15.8	27.0	31	247.50	27.92	1:3	78	30	165	55	248	85	1.09	5.38
AsianBearings(10/50/e)	9003	7.4	4.0	0.0	15.4	18.6	1.8	1.96	9.6	0.28	-0.13	0.38	2.5	–	NA	24.00	63.69	0.00	–	0	31	14	28	17	NA	1.56
AsianCable(10/50/e)	9003	5.6	14.4	0.8	35.8	78.3	4.4	5.69	6.9	2.75	3.62	4.28	11.5	14.0	24	40.00	9.36	1:3	81	–	53	27	50	30	3.49	1.12
AsianPaints(10/50/e)	9003	12.4	56.5	0.0	55.4	282.9	1.1	27.28	9.6	19.00	19.50	15.23	27.5	45.0	29	267.50	17.57	1:2	87	86	290	208	273	223	1.68	4.83
Assam Co(10/50/e)	9003	14.0	24.2	0.0	27.3	66.4	1.4	24.86	36.7	12.83	12.79	9.16	33.6	55.0	60	135.00	14.73	1:1	89	75	190	110	175	113	4.07	4.95
Astra-IDL(10/50/e)	9003	2.5	3.7	0.0	24.6	21.5	0.2	2.00	9.2	1.06	1.06	4.24	17.2	15.0	36	132.50	31.25	–	–	–	75	38	140	45	1.15	5.38
AtlasCopco(10/50/e)	9003	7.3	7.3	0.0	20.0	46.3	1.6	1.03	2.1	-0.39	-0.53	-0.54	-2.7	–	NA	97.50	NA	1:2	87	82	68	33	108	42	NA	4.87
AtlasCycle(10/50/e)	9003	1.2	8.2	6.7	81.1	108.0	2.9	2.42	2.2	0.83	0.83	6.96	5.0	22.5	33	200.00	28.75	1:2	87	80	180	65	210	105	1.13	2.47
AveryIndia(10/50/e)	9003	4.2	13.5	0.0	42.1	39.6	0.8	7.70	19.1	3.08	3.01	7.33	17.4	35.0	49	175.00	23.86	2:5	84	58	195	109	175	142	2.00	4.15
A.Sarabhai(10/50/e)	9003	18.8	19.9	0.0	20.6	169.0	3.0	1.80	1.0	0.62	1.12	0.33	1.6	–	NA	18.00	54.52	1:5	82	17	26	11	24	11	NA	0.87
BajajAuto(10/50/e)	9103	18.8	297.9	0.0	168.4	1155.0	64.9	161.8	13.3	56.34	55.50	29.95	17.8	100.0	34	355.00	11.85	1:1	87	95	770	355	750	355	2.82	2.11
BajajElect(100/5/e)	9003	1.9	8.9	2.9	564.6	108.1	3.6	5.41	4.8	2.85	2.80	148.44	20.8	25.0	17	1400.00	9.43	1:1	89	50	1600	540	1425	675	1.79	2.48
BajajHind(100/5/e)	9003	5.6	24.2	37.5	531.4	124.6	2.0	7.11	5.6	2.21	2.23	39.46	3.3	18.0	45	173.75	4.40	1:4	86	95	1500	360	185	87	10.38	0.33
BajajTempo(10/50/e)	9003	6.6	36.5	0.0	65.1	219.1	2.2	23.25	10.5	6.87	5.45	10.38	15.9	20.0	24	192.50	18.55	1:1	86	87	325	118	258	109	1.04	2.96
BakeliteHylam(10/50/e)	9003	4.5	10.9	9.1	34.2	81.6	3.0	4.68	5.5	1.34	1.72	2.98	5.5	18.0	47	58.50	19.65	2:3	80	78	54	29	68	40	3.08	1.71
BallarpurInd(10/100/e)	9003	21.0	100.9	180.0	58.1	572.0	17.8	66.46	11.3	39.66	49.63	18.81	13.1	28.0	12	295.00	15.68	1:2	89	74	320	112	320	240	0.95	5.08
BarodaRayon(100/5/e)	9003	18.0	51.6	0.0	386.9	245.5	2.5	39.05	15.8	23.82	23.82	131.83	34.1	25.0	19	715.00	5.42	1:2	82	23	1875	435	950	400	3.49	1.85
BASF(10/50/e)	9103	6.4	18.5	2.5	39.0	102.3	2.0	13.18	12.6	5.60	5.51	8.76	20.4	20.0	23	170.00	19.40	1:2	90	71	240	100	230	100	1.18	4.36
Bata(10/50/e)	8912	10.5	12.7	6.9	22.0	321.3	0.5	9.39	2.9	3.61	3.61	3.44	12.0	15.0	44	102.00	29.67	1:1	87	93	107	64	120	76	1.48	4.63
Bayer(100/5/e)	9003	16.2	17.7	0.0	208.8	148.1	2.2	11.29	7.5	5.32	5.32	32.80	15.7	20.0	61	1275.00	38.87	1:1	87	78	1100	600	1475	600	1.57	6.11
BergerPaints(10/100/e)	9003	4.2	16.3	3.2	48.9	100.5	0.4	2.64	2.6	1.76	1.72	4.20	7.4	20.0	49	41.00	9.76	1:1	88	47	55	35	48	35	4.89	0.84
Best&Cromp(10/50/e)	9003	7.6	16.6	4.8	32.0	176.9	2.3	3.68	2.1	2.06	1.46	2.72	7.1	10.0	52	47.50	17.43	3:5	82	27	78	35	54	26	2.12	1.49
Bhadrachalam(10/50/e)	9003	10.6	24.4	0.0	33.1	123.0	1.0	15.23	12.3	8.11	12.61	7.63	23.0	32.5	27	230.00	30.16	–	–	–	154	80	270	75	1.41	6.94
BharatForge(10/50/e)	9003	14.6	44.3	0.0	40.3	184.7	11.8	21.08	10.7	9.91	8.39	6.77	16.8	22.8	40	245.00	36.19	1:1	88	59	275	85	260	140	0.93	6.09
BharatVijay(100/5/e)	9003	2.8	13.1	6.5	571.5	76.0	1.2	5.62	7.3	2.90	2.40	104.69	13.0	22.0	25	1250.00	11.94	1:6	83	54	1500	475	1250	570	1.76	2.19
BiharAlloys(10/50/e)	9003	8.3	0.9	0.0	11.1	93.5	0.3	0.30	0.3	-1.76	-1.76	-4.46	-40.1	–	NA	18.00	NA	–	–	–	40	19	23	14	NA	1.62
BimetalBear(10/50/e)	9003	3.8	12.1	0.0	41.7	27.4	1.0	7.60	26.7	3.93	4.11	10.26	24.6	21.0	19	195.00	19.00	1:1	89	76	230	80	210	120	1.07	4.68
BindalAgro(10/50/e)	8912	14.9	48.3	0.0	42.5	122.1	5.4	16.41	12.9	13.01	13.01	8.76	20.6	50.00	57	40.00	4.57	–	–	–	85	38	55	36	12.49	0.94
BirlaJute(10/100/e)	9003	20.4	95.3	64.5	56.8	467.8	16.2	26.60	5.5	4.65	4.69	2.28	2.6	18.0	78	370.00	162.1	1:1	86	86	240	52	410	155	0.49	6.52
BlueStar(10/50/e)	9103	3.6	18.6	10.1	62.4	174.5	11.1	6.54	3.5	4.25	4.25	11.94	13.2	32.0	27	73.75	6.17	1:1	90	83	180	70	130	58	4.35	1.18
BombayDyeing(10/50/e)	9003	11.2	88.2	0.0	88.5	387.4	6.6	49.72	12.6	23.62	22.02	21.01	23.8	40.0	20	350.00	16.66	1:1	90	87	445	155	350	150	1.14	3.96
Boots(10/50/e)	9003	8.1	11.1	0.0	23.7	75.8	2.4	9.34	11.9	4.74	4.73	5.85	24.7	30.0	51	200.00	34.18	1:1	87	86	145	90	235	93	1.50	8.46
Britannia(10/100/e)	9003	18.6	27.3	0.0	24.7	314.3	7.0	17.36	5.4	9.76	10.14	5.26	21.3	24.0	44	192.50	36.63	1:2	89	89	170	52	203	110	1.25	7.80
BrookeBond(10/50/e)	9012	44.2	53.5	0.0	22.1	637.2	12.3	58.03	9.4	31.44	32.68	6.99	32.7	40.0	46	137.00	19.03	4:5	89	83	175	92	160	118	2.92	6.19
BST(10/50/b)	8903	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-3.21	-8.2	–	NA	9.50	NA	1:1	74	36	NA	NA	–	–	NA	0.68
CableCorp(10/100/e)	9003	9.0	25.9	0.0	38.8	128.5	3.8	15.71	11.9	9.89	9.79	10.99	28.3	28.0	26	102.50	9.33	1:2	87	71	118	60	110	89	2.73	2.64
Cadburys(10/50/e)	9003	8.4	14.7	0.0	27.5	108.4	1.0	11.65	10.7	5.30	5.55	6.31	23.0	35.0	53	177.50	28.13	1:1	87	80	189	134	200	135	1.97	6.46
Camphor&Allied(10/50/e)	9103	3.3	10.7	0.0	42.3	43.2	0.8	6.61	15.0	3.39	3.39	10.24	24.2	25.0	24	67.50	6.59	1:3	82	41	95	40	83	43	3.71	1.60
Carborundum(10/50/l)	9003	8.3	27.7	4.8	43.4	50.4	1.2	8.30	16.1	4.20	4.20	8.69	17.7	25.6	30	135.00	15.54	2:5	87	–	131	75	144	98	1.11	3.11
Castrol(10/50/f)	9103	9.8	40.3	1.7	50.9	183.9	4.4	34.00	18.1	21.08	21.11	21.40	40.7	4.5	21	490.00	22.89	3:5	90	63	320	161	508	163	0.92	9.63
Ceat(10/50/e)	9006	14.8	85.6	23.6	68.0	499.5	15.9	31.01	6.0	22.44	18.68	15.20	18.1	30.0	24	112.50	7.40	1:2	86	–	160	68	150	70	2.67	1.65
Cemindia Co(10/50/e)	9003	1.3	8.6	0.0	77.1	23.1	0.1	2.22	9.6	0.89	0.73	6.95	9.0	30.0	52	217.50	31.28	3:5	84	38	150	75	265	80	1.36	2.82
ChowguleStShip(10/50/e)	9003	10.0	2.4	0.0	12.4	53.3	0.0	13.75	25.8	2.29	2.29	2.29	18.5	–	NA	75.00	32.75	5:2	77	35	34	14	132	13	NA	6.07
ClassicDiam(10/100/e)	9003	3.5	7.1	0.0	30.2	73.2	0.1	5.50	7.5	5.18	5.26	14.80	49.0	20.0	13	62.50	4.22	–	–	–	84	48	63	38	3.20	2.07
CochinRef(100/5/e)	9003	71.7	136.5	0.0	290.4	1342.6	0.7	94.75	7.1	64.46	68.76	89.91	31.0	21.0	21	990.00	11.01	–	–	–	996	480	1150	670	2.03	3.41
ColourChem(100/5/e)	9103	7.9	16.9	0.0	312.7	131.9	6.1	9.27	6.7	4.16	4.99	52.34	16.7	22.0	35	1400.00	26.75	2:5	80	84	850	575	1550	625	1.57	4.48
ConsFounda(10/100/e)	9003	0.5	1.2	0.0	33.5	7.1	0.7	0.80	10.2	0.13	0.15	2.50	7.5	14.0	47	15.00	6.00	–	–	10	45	20	25	11	8.97	0.45

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months; m-6 months.

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 24 Oct	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	MarketPrice 1991 High Rs	MarketPrice 1991 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
CromptonGr(100/5/e)	9003	19.2	38.8	27.8	302.3	510.4	7.0	27.26	5.3	13.08	13.45	68.13	15.2	18.0	26	1340.00	19.67	1:1	89	84	1800	800	1450	683	1.34	4.43
Cyanamid(10/50/e)	9003	5.3	12.5	0.0	33.8	66.8	2.4	8.27	12.0	4.09	4.06	7.79	23.0	25.0	32	162.50	20.86	9:4	79	73	150	86	178	81	1.54	4.81
DCM(10/100/e)	9003	23.0	37.8	0.0	26.4	774.8	25.5	25.48	3.2	9.85	7.63	4.28	16.2	–	NA	255.00	59.59	4:5	71	61	110	46	300	123	NA	9.65
DCW(10/50/e)	9003	5.9	23.5	5.0	49.8	133.6	2.1	13.27	9.8	6.41	4.51	10.88	18.6	25.0	33	133.75	12.29	1:1	88	67	155	40	134	55	1.87	2.68
DeepakFert(10/50/e)	9003	32.7	37.1	0.0	21.3	36.2	13.7	21.86	43.9	11.95	11.97	3.58	16.8	18.0	31	38.50	10.75	–	–	–	44	26	39	24	2.90	1.80
DeepakNitrite(10/50/e)	9003	2.4	8.4	8.8	44.7	37.5	4.8	5.90	13.9	3.54	3.63	14.57	18.0	30.0	20	110.00	7.55	2:5	85	81	155	80	115	81	2.73	2.46
DharamsiChem(10/50/e)	9003	6.4	14.8	0.0	33.0	120.8	2.4	10.51	8.5	6.22	4.09	9.69	29.3	25.0	39	55.00	5.68	2:5	79	88	100	40	75	40	4.56	1.67
Dunlop(10/100/e)	9003	19.0	67.2	88.8	45.4	572.7	8.4	26.80	4.6	8.15	9.08	4.25	4.6	30.0	63	73.00	17.18	1:3	76	54	90	50	105	33	4.11	1.61
Duphar(10/50/e)	9103	1.8	5.0	0.0	37.0	39.1	0.8	2.58	6.5	1.16	1.16	6.29	17.0	15.0	24	100.00	15.90	1:3	88	74	100	40	130	59	1.50	2.70
EicherMotors(10/100/e)	9003	10.0	0.3	0.0	10.3	113.6	0.6	4.25	3.7	3.21	3.21	3.21	31.3	–	NA	43.75	13.62	–	–	–	56	13	54	34	NA	4.27
EID-Parry(10/50/e)	9103	6.3	22.8	13.1	46.3	223.6	38.3	14.56	5.6	6.46	6.46	10.29	15.3	30.0	29	182.50	17.74	–	–	–	105	72	188	69	1.64	3.94
EleconEngg(10/50/e)	9003	5.7	26.6	0.0	57.1	99.8	1.7	7.54	7.4	0.78	1.03	1.38	2.4	12.0	66	62.50	45.27	3:5	87	61	88	53	60	48	1.93	1.10
ElgiEquip(10/50/e)	9103	1.0	12.5	0.0	134.9	71.5	1.0	5.05	7.0	1.91	1.83	19.06	14.1	22.0	12	320.00	16.79	1:1	86	88	350	200	360	190	0.69	2.37
Enfield(10/100/e)	9103	8.0	0.0	8.5	10.0	81.6	0.5	0.19	0.2	-2.50	-2.50	-3.11	-15.2	–	NA	21.00	NA	1:1	85	31	21	6	–	–	NA	2.10
EnglishElect(10/100/e)	9103	18.0	18.2	0.0	20.1	128.7	1.7	15.20	11.7	7.06	19.03	3.92	19.5	13.5	13	80.50	20.52	1:1	90	88	154	56	133	63	1.68	4.00
Escorts(10/50/e)	9103	33.9	124.9	21.3	46.8	942.6	33.3	65.49	6.7	33.40	33.39	9.85	18.5	35.0	36	155.00	15.73	3:5	86	57	215	78	178	135	2.26	3.31
Eskayef(10/50/e)	9003	7.5	26.6	0.0	45.4	67.2	1.1	12.64	18.5	7.83	7.83	10.44	23.0	30.0	29	232.50	22.27	1:2	88	33	200	116	260	110	1.29	5.12
EssarShipp(10/100/e)	9006	46.4	71.2	0.4	25.3	149.0	0.6	59.07	39.5	36.42	37.08	7.77	30.6	22.0	28	54.00	6.95	–	–	–	49	25	67	20	4.08	2.13
EssenComp(10/50/e)	9003	1.3	8.4	0.0	73.2	23.6	0.8	2.81	11.5	1.80	1.80	13.53	18.5	25.0	18	36.25	2.68	–	–	–	120	48	75	17	6.84	0.49
EterEverest(10/50/e)	9003	2.5	15.4	0.0	72.3	78.2	2.0	6.69	8.3	4.39	3.56	17.77	24.6	20.0	24	130.00	7.31	1:3	66	41	290	95	160	88	2.68	1.80
ExcelInd(10/50/e)	9003	4.6	18.1	0.0	49.1	101.9	4.8	14.79	13.9	9.23	7.38	19.98	40.7	50.0	31	470.00	23.53	4:5	84	84	430	167	560	220	1.06	9.57
FerroAlloys(10/50/e)	9103	8.7	34.8	0.0	49.8	205.2	3.9	-11.72	-5.6	-21.02	-21.02	-24.08	-48.3	0.0	NA	61.25	NA	1:2	80	43	126	45	78	33	NA	1.23
FinolexCables(10/50/e)	9003	3.2	38.5	0.0	128.9	109.8	7.1	13.59	11.6	9.15	9.15	28.24	21.9	50.0	18	265.00	9.38	4:5	88	44	410	196	400	170	1.89	2.06
FinolexPipes(10/100/e)	9003	10.9	6.5	0.0	16.0	74.1	2.0	4.77	6.3	3.17	3.48	2.91	18.2	18.0	39	28.50	9.81	–	–	51	65	24	33	20	4.41	1.78
GE Shipping(10/100/f)	9003	68.1	87.0	0.0	22.8	213.1	16.0	78.27	34.2	39.84	3.91	5.85	25.7	20.0	218	93.50	15.98	2:3	81	36	55	27	112 **	26	1.34	4.10
GeneralElect(10/50/e)	9003	14.4	24.4	0.0	27.0	173.3	2.6	8.96	5.1	5.20	5.20	3.61	13.4	10.0	28	67.00	18.55	1:1	89	77	48	8	77	30	1.49	2.49
GermanRem(10/50/e)	9003	3.3	9.2	0.0	38.3	69.8	4.2	7.27	9.8	4.32	4.47	13.25	34.6	20.0	15	125.00	9.43	3:5	82	80	400	68	155	85	1.60	3.27
Glaxo(10/50/e)	9103	20.0	61.2	0.0	40.6	410.3	12.9	26.27	6.2	10.60	10.60	5.30	13.0	27.0	51	190.00	35.86	1:3	80	54	128	80	190	83	1.42	4.68
GNFC(10/50/e)	9003	89.0	99.9	0.0	21.2	330.4	3.8	55.00	16.5	5.68	5.68	0.64	3.0	10.0	125	44.00	68.94	–	–	–	60	33	49	31	1.82	2.07
GodfreyPhil(10/100/e)	9003	2.6	6.4	0.0	34.8	466.1	2.4	9.61	2.1	3.97	3.97	15.19	43.7	50.0	33	600.00	39.49	1:1	75	34	250	48	600	175	0.83	17.26
GokakPatel(10/50/e)	9003	6.5	26.0	0.0	49.8	101.7	2.8	15.43	14.8	8.93	7.43	13.70	27.5	32.1	28	265.00	19.35	1:1	87	79	270	75	330	150	1.21	5.32
GoodlassNero(10/50/e)	9103	3.2	10.3	7.5	41.9	167.0	0.6	5.67	3.4	2.82	2.82	8.71	13.4	22.5	26	75.00	8.61	5:7	78	57	160	60	88	50	3.00	1.79
GordonWood(10/50/e)	9003	2.5	1.1	3.4	14.6	15.8	3.0	-0.71	-3.8	-0.85	-0.85	-3.41	-12.1	–	NA	26.00	NA	–	–	23	18	7	26	7	NA	1.78
GraphiteIndia(10/50/e)	9003	4.2	11.6	0.0	37.5	55.5	1.6	5.20	9.1	2.85	2.93	6.77	18.0	20.0	29	41.25	6.09	1:2	80	56	56	15	53	32	4.84	1.10
Grasim(10/50/e)	9103	60.5	343.7	49.5	66.8	1229.0	94.4	183.5	13.9	96.00	130.0	15.83	21.1	35.0	16	325.00	20.53	3:4	88	61	278	106	348	168	1.04	4.86
GreavesCotton(100/50/e)	9003	9.9	27.6	0.0	379.9	212.9	3.6	11.13	5.1	5.27	6.54	53.14	14.0	18.0	27	95.00	1.79	1:2	88	86	115	70	109	60	18.90	0.25
GSFC(10/50/e)	9003	44.4	335.7	0.0	85.6	682.5	10.9	88.78	12.8	54.09	40.08	12.17	14.2	30.0	29	273.75	22.49	3:10	87	64	308	156	274	158	0.94	3.20
GTC Ind(10/50/e)	9003	5.0	14.7	43.7	39.3	223.2	21.6	8.13	3.3	5.40	5.40	10.80	8.5	35.0	32	172.50	15.97	1:4	72	66	85	21	195	55	2.03	4.39
Guj Alkalies(10/50/e)	9103	17.9	44.1	0.0	34.6	152.3	1.4	30.33	19.7	15.12	8.62	8.44	24.4	28.0	58	168.75	19.99	1:5	87	18	140	75	178	120	1.66	4.88
Guj Ambuja(10/100/e)	9106	20.0	46.2	0.0	33.1	153.2	8.2	49.05	30.4	39.00	30.61	19.50	58.9	40.0	26	275.00	14.10	–	–	–	136	21	318	94	1.45	8.31
Guj Steel(10/50/e)	9003	4.6	11.1	6.5	34.1	125.2	0.3	4.52	3.6	1.97	1.97	4.28	8.9	15.0	35	24.00	5.60	1:1	82	57	47	22	28	19	6.25	0.70
HCL(10/100/e)	9006	14.9	29.4	0.0	29.8	226.7	3.3	7.93	3.4	5.65	6.14	3.80	12.8	10.0	24	52.50	13.80	–	-	–	70	24	83	30	1.90	1.76
HDFC(100/10/e)	9103	45.0	108.6	0.0	341.4	263.0	0.5	43.32	16.4	29.81	29.81	66.24	19.4	22.0	19	385.00	5.81	–	–	–	480	300	560	250	3.31	1.13
Herdillia(10/50/e)	9103	7.4	35.4	12.9	58.2	107.7	7.3	12.98	11.3	6.31	7.57	8.58	11.3	26.0	25	155.00	18.06	1:2	78	33	140	75	185	78	1.68	2.66
HeroHonda(10/50/e)	9103	16.0	10.4	0.0	16.5	211.9	3.6	21.86	10.1	15.84	8.33	9.91	60.1	20.0	38	140.00	14.12	–	–	–	85	15	163	58	1.43	8.49
Hind Ciba(100/5/e)	9003	17.7	48.2	0.0	371.9	246.3	4.6	31.14	12.4	13.74	13.74	77.58	20.9	32.0	41	1900.00	24.49	1:2	80	74	1900	650	1975	700	1.69	5.11
Hind Motors(10/100/e)	9003	26.4	46.7	31.6	27.7	609.7	7.9	14.97	2.4	2.02	4.67	0.77	1.9	7.5	42	33.25	43.41	1:1	86	58	57	20	47	17	2.26	1.20
HindLever(10/50/e)	9012	93.3	162.1	0.0	27.4	1201.1	6.0	128.0	10.4	65.85	74.03	7.06	23.5	42.0	59	145.00	20.23	1:1	87	91	173	101	195	144	2.90	5.30
HMM (10/50/e)	9003	14.2	28.0	0.0	29.7	141.1	5.0	28.03	19.2	16.98	18.03	11.97	40.3	62.0	49	430.00	35.91	1:1	87	96	403	230	460	305	1.44	14.46
Hoechst(100/5/e)	9003	9.6	40.0	16.1	517.0	256.9	29.5	14.17	4.9	9.05	6.44	94.47	13.8	20.0	30	3600.00	38.11	1:2	82	72	3300	1260	4250	2650	0.56	6.96
HyderabadInd(10/50/e)	9003	5.7	41.3	8.5	82.8	133.8	4.4	14.24	10.3	7.37	7.37	13.00	13.3	30.0	23	155.00	11.92	1:1	88	83	153	77	180	130	1.93	1.87
ICI India(10/50/e)	9003	40.9	38.8	71.8	19.5	507.2	137.7	18.32	2.8	-12.19	-12.19	-2.98	-8.1	–	NA	71.00	NA	1:3	78	21	70	31	80	28	NA	3.64
IndiaCements(10/50/e)	9003	4.9	20.9	22.9	52.6	146.5	2.1	7.45	5.0	2.81	2.47	5.73	5.8	15.0	30	278.00	48.48	2:5	70	29	170	15	350	88	0.54	5.29
IndiaFoils(10/50/e)	9003	4.4	16.2	3.7	47.0	113.3	1.3	5.13	4.5	2.10	2.10	4.79	8.7	23.0	48	97.50	20.34	1:4	82	11	100	65	105	75	2.37	2.07
IndianAlum(10/100/d)	8903	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	5.35	20.5	20.0	37	177.50	33.21	2:5	77	38	260	110	213	150	1.41	6.80
IndianDystuff(100/5/e)	9003	11.3	17.0	14.2	250.1	206.3	10.7	13.46	6.2	4.18	3.25	36.96	9.8	14.0	49	1190.00	32.20	1:4	80	33	850	250	1225	450	1.17	4.76
IndianHotels(10/50/e)	9103	14.8	56.8	0.0	48.4	156.3	2.8	19.69	12.4	9.03	6.03	6.11	12.6	25.0	61	155.00	25.39	1:2	89	66	135	83	189	90	1.61	3.20
IndianOrganic(10/50/e)	9003	18.4	26.4	0.0	24.3	240.4	5.2	22.16	9.0	8.52	8.52	4.63	19.0	15.0	32	58.00	12.53	1:2	85	46	91	35	78	31	2.59	2.38
IndianRayon(10/50/e)	9003	25.4	134.5	58.4	62.9	405.2	8.9	47.55	11.5	19.79	19.86	7.78	9.1	30.0	38	237.50	30.53	1:4	80	3	175	84	269	114	1.26	3.78
IndiaSteamship(10/50/e)	8903	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	11.72	-26.6	–	NA	23.00	1.96	1:1	75	27	19	12	33	9	NA	NA

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Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Year End	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 24 Oct	P/E Multiple	Last Bonus		Bonus % in Cap	MarketPrice				Yield on Mkt Price (%)	Price to BkV Time
																		Ratio	Year		High 1990 Rs	Low 1990 Rs	High 1991 Rs	Low 1991 Rs		
IngersollRand(10/50/e)	9003	15.8	34.3	0.0	31.7	111.3	7.8	21.96	18.4	14.34	15.09	9.09	28.7	25.0	26	340.00	37.41	1:1	89	98	305	190	385	240	0.74	10.7
IOL (10/50/e)	9003	14.6	18.1	13.4	22.4	168.4	1.4	7.85	4.6	0.25	1.80	0.17	0.5	10.0	81	68.00	397.1	1:3	85	81	56	31	80	30	1.47	3.0
ITC(10/100/e)	9103	66.3	111.3	80.8	26.8	2286.0	29.9	132.2	5.7	77.52	72.77	11.69	30.0	54.0	49	336.25	28.78	1:1	89	63	180	50	355	103	1.61	12.5
JagatjitInd(10/100/e)	9003	6.1	23.3	3.8	48.4	151.6	1.5	13.44	8.8	5.97	6.34	9.83	18.0	35.0	34	105.00	10.68	1:1	88	92	120	74	140	80	3.35	2.1
Jaiprakash(10/100/e)	9003	66.1	49.0	9.5	17.4	309.9	17.9	42.50	13.0	17.04	17.11	2.58	13.7	15.0	58	56.50	21.93	–	–	–	37	13	67	18	2.65	3.2
JayshreeTea(10/50/e)	9103	6.2	33.3	22.2	64.2	126.0	27.1	28.26	18.5	12.89	19.30	20.96	20.9	32.5	10	192.50	9.18	1:2	85	92	240	77	240	170	1.69	3.0
Jenson&Nichol(10/50/e)	9003	1.5	6.0	1.9	50.1	76.8	0.4	2.82	3.7	1.84	1.84	12.16	19.4	20.0	16	86.00	7.07	8:7	82	35	148	69	91	73	2.33	1.7
JindalStrips(10/100/e)	9003	6.6	27.0	0.0	50.8	276.0	4.9	19.06	6.8	11.92	9.67	18.06	35.5	40.0	16	345.00	19.10	1:1	89	79	280	100	365	135	0.69	6.7
JK Synth(10/100/e)	8903	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	4.69	6.5	22.0	39	50.50	10.78	1:3	83	53	90	35	63	27	3.69	1.1
Jyoti(10/50/e)	9003	2.7	10.2	8.5	48.2	48.3	0.2	-0.06	-0.1	-0.64	-0.99	-2.39	-3.0	–	NA	30.00	NA	1:2	77	24	40	8	37	18	NA	0.6
KanoriaChem(10/100/e)	9003	4.0	17.1	0.0	52.4	74.6	3.7	6.11	7.8	1.07	1.17	2.65	5.1	15.0	51	72.50	27.37	1:2	89	78	48	13	74	27	2.05	1.3
KEC Inter(10/50/e)	9003	7.3	32.3	4.3	54.0	112.7	3.2	5.31	4.6	2.89	3.31	3.94	6.6	18.0	36	39.00	9.91	1:1	83	24	75	37	54	34	4.19	0.7
KesoramInd(10/100/e)	9003	11.5	54.7	46.4	57.7	217.5	8.1	10.86	4.8	-1.70	3.14	-1.60	-1.6	8.7		205.00	NA	1:2	79	54	135	42	210	65	0.43	3.5
KineticEngg(10/50/e)	9103	2.8	25.1	0.0	99.0	121.0	3.0	13.89	11.2	3.43	3.23	12.14	12.3	25.0	21	167.50	13.80	1:1	89	78	355	134	225	160	1.45	1.6
KineticHonda(10/100/i)	8903	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	1.35	10.5	–	NA	93.50	69.48	–	–	–	98	40	98	54	NA	7.2
KirloskarCum(10/50/e)	9003	26.4	50.0	0.0	29.0	227.3	5.9	25.70	11.0	11.65	9.66	4.41	15.2	20.0	55	172.50	39.09	1:1	86	94	125	65	190	104	1.16	5.9
KirloskarOil(10/50/e)	9003	5.8	17.3	0.0	40.1	140.2	4.1	7.30	5.1	3.41	2.93	5.74	14.3	16.0	33	87.50	15.25	3:7	76	77	70	27	120	34	1.83	2.1
KirloskarPneu(10/50/e)	9003	3.9	11.1	0.0	38.8	75.0	2.8	6.84	8.8	2.79	2.74	7.25	18.7	18.0	25	42.50	5.86	–	–	–	88	37	58	35	4.22	1.1
KothariInd(10/50/f)	9003	7.8	9.9	40.0	22.6	50.5	6.0	7.58	13.4	6.35	5.31	10.80	14.7	24.0	26	78.75	7.29	–	–	–	108	32	88	45	2.20	3.4
KSB Pumps(10/50/e)	9103	8.7	24.2	0.0	37.8	57.1	2.2	13.60	23.0	7.13	7.13	8.20	21.7	25.0	31	255.00	31.12	1:1	89	90	260	160	310	170	0.98	6.9
L & T(10/50/e)	9003	68.1	268.6	80.0	49.5	1091.6	26.8	99.51	8.9	38.73	42.97	5.69	9.3	25.0	37	125.00	21.97	3:5	86	56	173	57	165	90	1.87	2.5
LakhanpalNat(10/50/e)	9003	4.6	8.1	0.0	27.7	67.5	2.0	2.19	3.2	0.93	0.08	2.04	7.4	16.0	800	105.00	51.60	1:1	87	25	40	23	105	27	1.33	3.8
LakshmiMach(100/5/e)	9003	6.1	25.3	0.0	513.9	185.4	0.7	21.07	11.3	8.44	8.44	138.36	26.9	25.0	18	3750.00	27.10	1:2	89	58	4250	690	4200	2715	0.67	7.3
MadrasCement(100/5/e)	9103	3.0	30.5	0.0	1107.1	139.4	0.5	29.12	20.8	18.51	19.41	608.7	55.0	30.0	5	6200.00	10.19	–	–	–	4200	421	6700	3100	0.48	5.6
MaduraCoats(10/50/e)	9003	21.8	56.5	55.6	35.9	337.1	5.4	34.65	10.1	18.47	18.74	8.47	13.8	40.0	47	225.00	26.57	1:2	86	47	325	101	370	183	1.78	6.2
MafatlalDyes(10/50/e)	9003	2.1	7.1	0.0	44.0	50.5	1.3	2.26	4.4	1.14	1.14	5.43	12.4	20.0	37	56.25	10.36	1:4	89	80	63	29	75	30	3.56	1.2
MafatlalFine(100/5/e)	9003	14.9	19.0	0.0	227.6	204.3	20.6	2.00	0.9	-4.79	-4.35	-32.19	-14.1	–	NA	600.00	NA	1:3	80	39	770	205	725	330	NA	2.6
MafatlalInd(100/5/e)	9003	13.5	43.8	0.0	425.7	150.2	12.2	11.15	6.9	3.05	3.05	22.68	5.3	22.0	97	1310.00	57.77	1:5	78	25	1450	360	1425	650	1.68	3.0
MahaScooters(10/50/e)	9003	2.9	36.4	0.0	137.4	109.8	14.1	16.96	13.7	12.36	10.14	43.22	31.5	40.0	11	210.00	4.86	1:1	90	65	570	175	230	170	1.90	1.5
Mah&Mah(10/50/e)	9003	19.3	84.5	29.0	53.9	883.6	38.0	40.15	4.4	15.97	12.60	8.29	12.0	25.0	38	75.00	9.05	2:3	84	72	130	65	115	65	3.34	1.4
Mangchem(10/50/b)	9009	59.7	0.2	0.0	10.0	225.2	0.8	-24.75	-10.9	-39.29	-39.29	-6.58	-65.6	0.0	NA	17.50	NA	–	–	–	39	14	26	11	NA	1.7
McDowells(10/100/e)	9003	7.7	54.0	55.6	80.3	230.2	9.8	14.59	6.1	8.11	8.11	10.55	6.9	25.0	24	85.00	8.06	1:1	86	–	100	64	89	56	2.94	1.0
Mico(100/5/e)	9012	38.1	78.4	0.0	306.1	325.0	7.4	59.90	18.0	14.93	15.89	39.23	12.8	14.0	34	1665.00	42.44	1:1	86	91	1350	690	1700	700	0.84	5.4
ModiInd(10/100/e)	9003	3.3	4.5	10.9	23.5	197.0	7.9	-6.61	-3.2	-10.19	-14.17	-30.91	-54.8	–	NA	17.50	NA	1:5	69	26	33	15	20	10	NA	0.7
ModiRubber(10/50/e)	9003	10.4	56.0	0.0	63.9	473.8	8.5	25.06	5.2	6.08	7.16	5.86	9.2	25.0	36	90.00	15.37	–	–	–	100	44	105	50	2.78	1.4
ModiSteels(10/100/e)	9003	2.4	2.5	0.0	20.5	20.6	0.4	1.52	7.2	1.08	1.08	4.58	22.3	18.0	40	45.00	9.83	1:1	87	14	48	23	60	28	4.05	2.1
ModiXerox(10/50/e)	9103	19.5	9.3	0.0	14.8	136.5	0.7	16.10	11.7	9.56	9.56	4.91	33.2	25.0	51	110.00	22.41	–	–	–	110	60	110	60	2.27	7.4
MRF(10/50/m)	9009	3.9	63.2	0.0	173.8	341.7	1.6	26.35	7.7	9.54	8.36	49.45	28.4	30.0	14	600.00	12.13	1:2	75	46	470	190	700	300	0.50	3.4
Mukand(10/50/e)	9003	14.7	49.5	43.3	43.6	527.4	5.0	32.24	6.1	19.03	13.77	12.91	17.7	30.0	32	166.25	12.88	1:2	88	72	275	127	233	117	1.80	3.8
NationalRayon(100/5/e)	9003	6.0	8.2	63.5	237.1	201.6	2.0	13.10	6.4	10.89	10.89	181.20	14.0	–	NA	1040.00	5.74	1:4	72	23	1700	385	1470	328	NA	4.4
NationalSteel(10/100/e)	9003	10.8	2.9	0.0	12.7	73.7	0.5	2.67	3.6	0.45	0.38	0.42	3.3	–	NA	17.50	42.08	–	–	–	31	9	18	12	NA	1.3
NipponDenro(10/100/i)	9006	19.2	35.5	0.0	28.5	408.1	1.8	24.23	5.9	13.24	13.60	5.90	20.7	22.0	28	31.00	5.25	–	–	–	61	36	40	23	6.48	1.0
Nirlon(10/50/e)	9003	15.8	7.2	16.1	14.6	164.4	2.0	-8.20	-4.9	-20.65	-18.64	-13.10	-52.9	–	NA	23.00	NA	1:2	82	48	43	14	41	17	NA	1.5
NOCIL(100/5/e)	9103	36.0	131.2	0.0	464.5	498.1	17.9	74.45	14.4	35.75	35.76	99.32	21.4	40.0	40	1440.00	14.50	1:2	86	67	1900	900	1900	925	2.78	3.1
OrientalCarbon(10/50/e)	9003	3.2	9.0	5.7	37.8	50.8	0.2	3.59	7.1	1.17	2.50	3.63	6.6	20.0	26	42.00	11.56	1:3	89	25	90	34	68	35	4.73	1.1
OrientPaper(10/100/e)	9003	11.5	83.8	0.0	83.2	237.8	5.5	17.79	7.3	4.71	9.56	4.10	4.9	18.0	22	175.00	42.7	1:1	86	–	180	65	210	125	1.04	2.1
OrissaCement(10/100/e)	9103	5.4	43.7	13.7	90.9	145.1	5.0	23.26	15.5	14.19	14.47	26.28	22.6	25.0	9	250.00	9.51	1:1	87	58	175	25	350	125	1.00	2.7
OTIS(10/50/e)	9103	5.4	23.4	0.0	53.5	69.2	1.6	9.64	13.6	4.34	4.34	8.08	15.1	25.0	31	200.00	24.75	1:1	85	80	265	170	220	170	1.25	3.7
ParkeDavis(10/50/e)	9003	7.5	9.8	0.0	23.0	81.2	0.6	8.46	10.3	5.17	5.19	6.87	29.8	35.0	51	125.00	18.21	3:5	78	31	133	80	130	70	2.80	5.4
PelcoElect(10/100/e)	9103	33.3	38.9	17.2	21.7	564.2	5.1	42.16	7.4	28.73	21.58	8.62	32.1	20.0	31	119.00	13.80	1:5	82	49	85	17	128	*53	1.68	5.5
PhillipsCarbon(10/50/e)	9009	5.3	6.9	2.5	23.2	82.9	2.4	2.55	3.0	0.90	0.83	1.71	6.1	14.0	89	52.50	30.68	2:5	84	70	53	33	62	30	2.68	2.2
Polyolefins(100/5/e)	9103	19.3	64.8	0.0	435.9	256.9	9.1	38.20	14.4	16.06	16.07	83.24	19.1	40.0	48	1425.00	17.12	1:2	88	69	1525	850	1650	900	2.81	3.2
PrakashTubes(10/50/e)	9003	3.5	10.7	2.8	40.4	81.6	0.8	6.57	8.0	3.23	1.17	9.20	19.0	24.0	72	34.75	3.78	3:4	81	9	80	33	46	31	6.89	0.8
PremierAuto(10/50/e)	9006	22.8	73.9	50.1	42.5	551.0	10.7	29.41	5.2	15.82	14.27	6.95	10.8	30.0	45	50.00	7.19	1:1	86	38	80	37	65	32	5.73	1.1
Procter&Gamble(10/50/e)	9006	6.7	15.2	0.0	32.8	75.3	1.5	6.40	8.3	4.48	5.60	6.71	20.4	30.0	36	250.00	37.28	4:5	88	82	390	185	300	190	1.20	7.6
PudumjeePulp(10/50/e)	9103	3.1	22.1	0.0	81.9	60.9	2.3	11.45	18.1	4.90	4.90	15.91	19.4	18.0	11	162.50	10.21	1:5	82	55	200	90	163	83	1.11	1.9
PunjabConcast(10/50/f)	8903	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	41.69	40.7	33.3	7	360.00	8.63	–	–	–	350	157	360	160	0.68	3.5
PunjabTractors(10/50/e)	9003	3.2	26.9	0.0	95.3	158.6	2.1	13.81	8.6	7.57	6.41	24.03	25.2	50.0	25	250.00	10.40	2:5	81	29	400	135	290	140	2.01	2.6
Rallis(10/50/e)	9003	9.5	35.6	0.0	47.3	356.0	4.6	5.63	1.6	1.83	1.83	1.92	4.1	10.0	52	140.00	72.91	3:10	77	12	130	67	141	71	0.71	2.9
RanbaxyLabs(10/50/e)	9103	9.1	41.4	0.0	55.4	248.4	11.9	16.68	6.4	12.02	12.38	13.18	23.8	25.0	18	165.00	12.52	1:1	88	26	130	86	290	100	1.52	2.9

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																		Ratio	Year		High	Low	High	Low		
																					1990		1991			
																					Rs	Rs	Rs	Rs		
Rasoi (10/50/e)	9003	1.2	6.6	0.0	64.7	59.3	1.1	1.64	2.7	0.64	0.84	5.33	8.2	20.0	29	75.00	14.06	1:2	85	35	85	48	83	45	2.67	1.16
RathiAlloys(10/50/e)	9003	2.9	19.5	0.0	77.3	112.0	0.5	6.41	5.7	3.59	8.14	12.42	16.1	40.0	14	45.00	3.62	–	–	–	180	53	70	41	8.84	0.58
Raymonds(10/50/e)	9003	22.5	83.6	0.0	47.2	376.6	8.7	41.07	10.7	18.50	18.12	8.08	17.1	20.0	25	184.00	22.77	1:1	87	78	175	70	203	118	1.09	3.90
Reckitt&Col(10/50/e)	8912	8.4	18.1	0.2	31.6	85.2	2.4	14.09	16.1	7.93	7.96	9.45	29.7	40.0	42	250.00	26.45	1:1	88	70	280	198	340	205	1.60	7.92
RelianceInd(10/50/e)	9003	152.1	929.1	0.0	71.1	1840.7	16.9	252.5	13.6	90.50	93.40	5.89	8.3	30.0	49	163.00	27.66	3:5	83	10	245	50	205	91	1.84	2.29
ReliancePetro(10/100/e)	8903	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	0.58	5.8	15.0	90	22.00	37.90	–	–	–	57	21	49	22	2.39	2.19
Revathi CP(10/50/f)	9003	1.6	3.9	0.4	33.9	17.2	0.1	1.64	9.5	0.93	0.95	7.62	20.9	26.5	34	105.00	13.78	1:1	87	50	100	67	120	75	1.89	3.10
RhonePoulenc(10/50/e)	9003	4.5	11.3	0.0	35.2	74.2	2.5	6.19	8.1	4.43	4.43	9.84	28.0	15.0	15	155.00	15.74	–	–	–	125	69	173	83	0.97	4.40
SandvikAsia(100/5/e)	9012	5.8	14.0	0.0	341.4	61.1	1.1	11.74	18.8	5.04	5.53	87.12	25.5	30.0	31	2325.00	26.69	1:1	84	80	1500	610	2850	725	1.29	6.81
Searle (10/50/e)	9103	5.2	20.8	0.0	49.8	64.2	2.5	6.49	9.7	4.12	4.12	7.89	15.8	22.0	28	180.00	22.83	1:2	89	87	170	105	195	100	1.22	3.61
SesaGoa(10/50/e)	9003	5.2	12.7	0.0	34.7	74.7	3.2	7.58	9.7	3.38	3.42	6.56	18.9	18.0	27	550.00	83.80	2:5	86	42	220	89	675	125	0.33	15.87
SeshaPaper(10/100/e)	9003	7.3	0.0	0.0	10.0	58.6	1.4	1.54	2.6	-1.53	-1.53	-2.11	-21.1	–	NA	75.00	NA	1:2	76	24	35	10	78	14	NA	7.50
ShalimarPaint(10/100/e)	9003	1.9	2.1	0.0	21.2	67.2	0.4	1.01	1.5	0.72	0.72	3.81	18.0	10.0	26	70.00	18.38	3:10	82	67	60	38	95	50	1.44	3.30
ShawWallace(10/100/e)	9003	12.0	37.0	20.5	40.8	333.6	34.9	24.87	6.7	13.88	13.93	11.57	20.0	42.5	37	145.00	12.54	1:1	87	94	110	67	170	80	2.93	3.55
ShreeSynth(10/50/e)	9003	5.6	22.0	0.0	49.1	160.1	1.8	17.25	10.7	9.12	7.68	16.23	33.0	40.0	29	50.00	3.08	2:5	84	29	155	42	85	45	8.01	1.02
SI Shipping(100/5/e)	9009	6.0	36.2	0.0	702.6	74.6	2.8	28.47	36.8	18.01	18.01	300.21	42.7	40.0	13	2375.00	7.91	1:2	82	83	1750	875	2600	750	1.68	3.38
SI Viscose(100/5/e)	9003	11.0	38.5	0.0	449.0	132.7	2.1	33.85	25.1	23.59	23.59	213.87	47.6	45.0	21	1600.00	7.48	1:2	87	56	3000	1110	2040	1150	2.81	3.56
SiptaCoated(10/100/e)	9003	18.0	7.5	0.0	14.1	127.6	2.7	5.07	3.9	2.43	2.53	1.35	9.6	15.0	66	16.00	11.84	–	–	–	34	13	21	11	5.77	1.13
SiyaramSilk(10/100/e)	9003	3.7	9.8	0.0	36.6	71.6	2.1	5.10	6.9	2.16	1.94	5.90	16.1	21.0	40	53.75	9.11	1:2	88	42	98	24	78	36	3.91	1.47
SKF Bearings(100/5/e)	9103	24.7	69.3	0.0	380.6	197.0	4.7	38.40	19.0	17.66	13.33	71.47	18.8	15.0	28	2800.00	39.18	1:1	89	80	2775	1230	3000	1725	0.54	7.36
SpecialSteel(10/50/e)	9003	11.4	29.5	0.0	35.9	210.7	1.8	27.17	12.8	14.91	14.91	13.06	36.3	25.0	19	170.00	13.02	1:2	89	45	275	90	235	125	1.47	4.73
SpicElect(10/50/e)	9003	8.2	0.0	0.0	10.0	5.3	0.5	0.29	5.0	-0.53	-0.53	-0.65	-6.5	–	NA	16.00	NA	1:1	86	–	33	12	19	11	NA	1.60
StandardInd(10/50/e)	9003	11.1	37.5	30.6	43.9	223.1	18.0	13.84	5.7	1.79	1.86	1.62	2.3	20.0	119	125.00	77.23	2:5	82	72	128	53	153	51	1.60	2.85
StrawProducts(10/100/e)	9003	10.1	41.2	0.0	50.6	172.8	3.2	18.55	10.5	7.94	7.94	7.76	15.3	30.0	40	216.25	27.86	1:2	72	17	155	73	225	113	1.42	4.27
SundramFast(10/50/e)	9003	5.1	15.7	0.0	40.8	92.5	0.8	8.86	9.5	4.90	5.14	9.61	23.6	27.5	27	122.50	12.75	3:5	88	56	120	61	153	97	2.24	3.00
SupremeInd(10/50/e)	9006	2.3	29.7	0.0	140.2	115.4	0.8	8.98	7.7	5.24	5.27	22.98	16.4	60.0	26	335.00	14.58	1:1	87	70	500	225	380	190	1.79	2.39
SurajDiamond(10/100/e)	9003	10.5	30.9	0.0	39.5	135.3	0.2	11.21	8.3	10.85	10.85	10.35	26.2	25.0	13	47.00	4.54	–	–	–	65	43	58	34	2.92	1.19
SwadeshiPoly(10/50/e)	9003	3.9	19.1	16.9	58.9	66.6	2.6	4.58	6.6	1.83	1.83	4.69	4.6	17.5	37	37.50	7.99	–	–	–	95	38	48	32	4.65	0.64
SylvaniaLaxman(10/50/e)	9003	3.0	2.1	7.3	17.2	39.0	0.6	1.26	3.2	0.43	0.43	1.44	3.5	12.5	86	38.75	26.85	1:2	86	33	45	20	45	23	3.20	2.26
Synth&Chem(10/50/e)	9103	11.2	21.1	21.7	28.8	174.9	1.5	9.37	5.3	6.30	6.30	5.63	11.7	25.0	43	83.75	14.87	–	–	–	84	39	84	39	2.86	2.90
TataChem(10/50/e)	9003	49.2	259.3	0.0	62.7	266.2	42.9	77.30	25.0	40.74	36.12	8.29	13.2	30.0	41	90.00	10.86	2:5	85	27	165	63	113	60	3.33	1.43
TataPower(100/5/e)	9103	20.5	209.6	0.0	1121.6	472.3	4.2	48.93	10.3	34.64	34.63	168.81	15.1	20.0	12	2060.00	12.20	1:5	75	–	1950	410	2400	925	0.97	1.84
TataPress(10/50/e)	9003	1.6	5.6	0.0	45.9	19.8	0.8	0.62	3.0	-0.56	-0.56	-3.57	-7.8	10.0	-29	71.25	NA	7:11	83	30	75	43	71	35	1.43	1.55
TataRobins(10/50/e)	9003	3.1	5.1	0.0	26.3	36.3	1.2	2.50	6.7	0.72	0.52	2.31	8.8	16.0	96	56.25	26.54	1:4	77	5	85	36	75	35	2.85	2.14
TataTea(10/50/e)	9103	19.1	143.7	0.0	85.3	290.2	16.9	92.07	30.0	51.66	51.62	27.08	31.7	101.0	35	380.00	14.03	2:5	88	40	490	173	458	275	2.47	4.45
TataTelecom(10/100/e)	9003	4.5	5.8	0.0	23.0	24.8	0.3	2.77	11.0	1.62	1.46	3.60	15.7	–	NA	110.00	30.56	–	–	–	115	45	124	59	NA	4.79
TataUnisys(10/50/e)	9103	4.4	14.4	0.0	42.9	52.7	2.2	12.03	21.9	6.75	6.75	15.41	35.9	30.0	19	290.00	18.82	2:5	87	29	235	24	330	130	1.03	6.76
TCI(10/50/e)	9103	5.1	15.7	13.3	40.8	164.6	1.9	6.46	3.9	1.43	1.19	2.82	4.2	18.0	77	45.00	15.94	1:2	86	81	68	24	68	23	4.02	1.10
Telco(10/50/e)	9103	103.7	479.2	0.0	56.2	2527.6	68.4	288.8	11.1	142.1	131.0	13.70	24.4	40.0	32	327.50	23.91	2:5	82	0	273	110	344	144	1.22	5.82
Tinplate(10/50/e)	9003	10.1	12.2	0.0	22.0	168.0	1.9	5.55	3.3	2.57	2.61	2.54	11.5	15.0	58	45.00	17.72	4:5	76	19	53	25	58	28	3.34	2.04
Tisco(10/50/e)	9103	229.9	1194	0.0	61.9	2142.5	188.3	375.2	16.1	160.1	140.1	6.97	11.2	31.0	51	223.00	32.01	2:5	87	30	275	103	245	134	1.39	3.60
TOMCO(10/5/e)	9103	9.7	26.2	0.0	36.9	383.8	3.5	9.72	2.5	5.65	5.64	5.67	15.4	20.0	35	80.00	14.11	1:5	90	36	390	65	98	60	2.50	2.17
TribeniTiss(10/50/e)	9103	8.0	13.6	0.0	27.1	83.4	0.4	10.53	12.6	6.81	7.63	8.57	31.6	45.0	47	252.00	29.42	1:4	84	31	155	74	275	91	1.79	9.29
TVS Suzuki(10/100/e)	9003	23.1	0.0	0.0	10.0	142.2	1.6	-0.75	-0.5	-5.53	-5.20	-2.39	-23.9	–	NA	32.00	NA	–	–	–	29	9	37	11	NA	3.20
Tw.CenturyFin(10/100/e)	9003	8.9	13.4	3.0	25.1	31.3	1.9	19.44	58.5	4.04	4.03	4.55	16.0	22.0	48	16.00	3.52	2:5	85	34	55	22	39	26	13.72	0.64
UnichemLab(10/50/e)	9103	1.4	5.9	3.5	53.8	66.8	2.7	2.85	4.1	1.85	1.84	13.68	17.2	25.0	18	140.00	10.23	1:2	86	67	60	30	175	45	1.79	2.60
UnionCarbide(10/50/e)	9103	32.6	38.2	0.0	21.7	229.7	2.7	16.18	7.0	13.19	13.98	4.05	18.6	15.0	35	53.00	13.09	1:2	80	74	47	22	64	36	2.83	2.44
Unitech(10/100/e)	9003	7.2	16.5	0.0	32.9	51.1	0.3	6.34	12.3	4.48	4.97	6.21	18.9	22.0	32	39.00	6.28	–	–	57	43	25	41	25	5.65	1.19
UnivCables(10/50/e)	9003	5.3	45.7	15.2	95.6	130.7	3.0	10.27	7.7	5.59	5.59	10.47	8.4	18.6	18	95.00	9.08	1:2	79	22	140	80	110	70	1.95	0.99
Videocon Int(10/100/e)	9003	4.2	33.4	0.0	89.2	417.6	0.2	40.45	9.7	27.16	26.91	64.36	72.1	60.0	6	250.00	3.88	–	–	–	600	180	340	134	1.65	2.80
VikrantTyres(10/50/e)	9003	10.4	4.6	0.0	14.4	218.1	1.2	11.01	5.0	2.00	3.00	1.82	12.6	15.0	54	52.50	28.89	–	–	–	58	20	70	21	2.86	3.64
VindhyaTele(10/100/e)	9103	3.9	11.8	9.5	40.2	57.7	0.4	6.50	11.2	1.11	1.29	2.84	4.4	24.0	73	111.25	39.24	–	–	–	140	64	111	58	2.16	2.77
VIP Ind(10/100/e)	9103	6.0	7.8	0.0	23.0	110.1	2.4	10.16	9.0	7.45	3.44	12.42	54.0	25.0	44	75.00	6.04	1:1	84	59	83	17	82	40	3.33	3.26
Voltas(10/50/e)	9103	19.9	55.1	0.0	37.7	545.0	4.6	30.16	5.5	18.30	15.74	9.22	24.4	27.0	34	122.50	13.29	1:2	89	49	145	65	145	95	2.20	3.25
VST Ind(10/50/e)	9003	9.7	13.2	16.4	23.7	374.6	2.3	13.72	3.6	5.93	5.93	6.15	15.1	30.0	49	157.50	25.63	3:5	89	85	145	33	160	95	1.91	6.65
WestCoastPaper(100/5/e)	9003	4.1	8.3	0.0	302.2	105.4	1.4	6.16	5.8	4.39	4.39	107.07	35.4	15.0	14	450.00	4.20	1:5	74	37	925	290	890	415	3.36	1.49
WI Enterprises(10/50/e)	9003	4.8	9.0	1.5	28.6	46.2	0.0	3.04	6.6	1.01	0.96	2.10	6.6	16.0	80	16.25	7.74	3:5	83	19	38	18	22	13	9.85	0.57
Wimco(10/50/e)	9003	13.6	5.5	0.0	14.1	121.3	4.4	-6.45	-5.1	-8.55	-4.00	-6.30	-44.8	–	NA	41.50	NA	1:5	70	31	75	17	46	17	NA	2.95
Wipro(10/50/e)	9003	3.7	20.3	0.0	65.1	179.1	7.9	9.23	4.9	4.56	2.82	12.36	19.0	25.0	33	320.00	25.89	1:1	89	95	355	190	330	210	0.78	4.92
ZuariAgro(10/50/e)	9003	12.4	58.4	0.0	56.9	258.7	5.5	19.82	7.5	8.22	11.93	6.13	10.8	30.0	33	140.00	22.84	–	–	–	100	50	140	60	2.14	2.46

NOTE: The accounting period in each case is mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months; m-6 months.

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

THE WINNING COMBINATION

PRAKASH

TIES UP WITH THE TECHNOLOGICAL GIANT

LURGI GERMANY

To Manufacture 1,50,000 TPA Import Substitute

SPONGE IRON

RIGHTS-CUM-PUBLIC ISSUE OF 14,36,804- 14% SECURED FULLY CONVERTIBLE DEBENTURES OF Rs. 280/- EACH FOR CASH AT PAR



RIGHTS ISSUE OPENS ON 21ST OCTOBER, 1991 AND PUBLIC ISSUE OPENS ON 15TH NOVEMBER, 1991

TRACK RECORD

* A well-established profit making, consistently dividend paying Company— 25% Dividend for 1990-91.
* Turnover increased from Rs. 11.91 crores in 1985 to Rs. 107.92 crores in 1991.
* Profit After Tax increased from Rs. 0.37 crores in 1985 to Rs. 4.98 crores in 1991.
* Earning Per Share of Rs. 7.34 during 1990-91.
* Net Worth as on 31.3.91 stood at Rs. 26.55 crores, with Reserves & Surplus of Rs. 20.35 crores.
* Book Value per share Rs. 39.11 (As on 31.3.91).
* Now implementing Rs. 144 Crores, diversification scheme to manufacture 1,50,000 TPA, Sponge Iron.

PROJECT HIGHLIGHTS

* PROVEN LURGI'S TECHNOLOGY, based on SL/RN process, utilised in 75% of the coal based Sponge Iron Projects world wide.
* Latest improved process, first time in India, ensuring considerable savings in raw material cost, through injection of otherwise scrapped iron-ore fines, generating additional 10% production.
* Being coal-based Sponge Iron project, no imported raw material required.
* HIGH GROWTH POTENTIAL - Sponge Iron, an ideal substitute for melting scrap, has tremendous growth potential.
* IMPORT SUBSTITUTION PRODUCT: The country will save precious Foreign Exchange as Sponge Iron substitutes imported melting scrap.
* STRATEGIC LOCATION - Proximity to sources of raw materials and end-users of Sponge Iron.
* TOTAL SALES TAX EXEMPTION FOR 11 YEARS subject to a maximum amount of fixed investment in the project.

ISSUE HIGHLIGHTS

* FULL CONVERSION in two stages. Part A : Rs. 140/- to be converted into 5equity shares of Rs. 10/- each at a premium of Rs. 18/-each, after 6 months from the date of allotment. Part B : Rs. 140/- to be converted into 5 equity shares of Rs. 10/- each at a premium of Rs. 18/-each after 18 months from the date of allotment.
* 80L, 80M and Wealth tax benefits.
* LISTING at Delhi, Bombay, Calcutta, Ahmedabad and Bangalore Stock Exchanges.
* Risk factors as perceived by the management include variation in raw material cost owing to market forces and fiscal changes; and escalation in project cost due to readjustment in value of rupee in excess of contemplated provisions in project cost. The Management envisages that any increase in the raw material cost will be set-off by corresponding increase in selling price of Sponge Iron..

LEAD MANAGERS TO THE ISSUE

PNB CAPITAL SERVICES LIMITED
Jeevan Bharti Tower-II,
Level-3, Connaught Circus,
New Delhi-110001.

SBI CAPITAL MARKETS LTD.
Tower Block,
World Trade Centre Complex,
Barakhamba Road, New Delhi-110001

If the company does not receive the minimum subscription of 90% of the issued amount, the entire subscription will be refunded to the applicants within 90 days from the day of closure of this issueissue. If there is a delay in refund of such amount by more than 10 days, the company will pay interest at the rate of 15% p.a. for the delayed period

Prakash Industries Ltd.

Regd. Off. : 15 Km. Stone, Delhi Road, Hisar-5 (Haryana)
Head Off. : Padma Tower-I, 5 Rajendra Place, New Delhi-8

BusinessWorld

INVESTOR CONTEST

Last date for the receipt of entries: 9 December 1991

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in up to five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld (BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second and Rs 1,000 the third. The names of all the winners will be published in *BW*.

THE RULES

1. The notional amount to be invested is Rs 1 lakh.
2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.
3. Investments in debentures or securities other than equity shares are not permitted.
4. No investment can be made in scrips in which there has been no trading on the reference date for investment (25 November for Contest No 6).
5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).
6. The maximum amount investible in any one scrip is Rs 50,000.
7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 25 November.** Quotations based on prices at stock exchanges other than Bombay will not be permitted.
8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 23 December.** This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the BSE, the investments will be deemed to have been made at the latter prices.
9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.
10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% per annum.
11. Contestants will have the option either to invest the entire amount of Rs 1 lakh (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stock-markets.)
12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No 6, the last date for the receipt of entries is 9 December.** Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters: *BW* INVESTOR CONTEST NO 6 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 25-28, Atlanta, 209, Ceremonial Boulevard, Nariman Point, Bombay 400 021.
13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.
14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.
15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon.
16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar group of publications.

Winners of INVESTOR CONTEST NO 1

FIRST PRIZE (Rs 2,500)
VIKAS N. MEHTA
Mehta's portfolio appreciated to Rs 1,65,200

SECOND PRIZE (Rs 1,500)
ROSEMARY PINTO
Pinto's portfolio appreciated to Rs 1,60,700.42

THIRD PRIZE (Rs 1,000)
SHEELA PODDAR
Poddar's portfolio appreciated to Rs 1,55,700.42

Our Investor Contest in its second coming drew record entries of over 400. However, a significant number reached after the closing date and had to be disqualified. It is for this reason that entrants such as Urvesh Sukhadia of Bombay and M. Savitha of Hyderabad do not figure in the winners' list though their portfolio appreciation ranks among the tops.

Our winners this time had basically combinations of three scrips — Webel Communication, Salzer Electronics and Jaipur Polyspin — all of which recorded 50% plus appreciation. Closely following them were a host of others with portfolios above Rs 1.5 lakh. There are evidently a lot more market-smart operators these days. Better luck next time and to the winners our

Congrats!

INVESTOR CONTEST NO 6 — ENTRY FORM

Name of scrip	Price on 25 November 1991	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name: _____

Address: _____

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ISSUE OPEN

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Bombay 400 005, India.
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Fax: 91-22-2188332

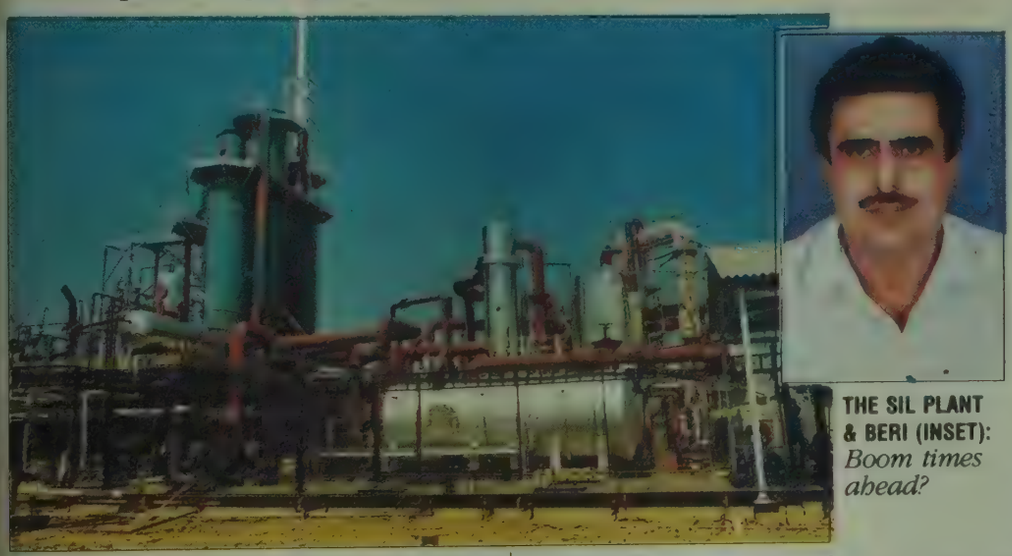
SHARE THE OPPORTUNITY

PRESSMAN

SIL'S ACID TEST

He came up to scratch, appropriately enough, on the green. Around 6 years ago, Rajeev Beri was golfing with a senior Tisco executive when the latter began worrying more about the undelivered consignment of sulphuric acid than the next hole. That's when Beri started wondering; couldn't he set up a small unit that could give Tisco an assured supply of the acid?

The negotiations began. The people at Tisco were most receptive. Beri started getting the mechanics of his intended company — Sanderson Industries Ltd (SIL) — sorted out. Tisco assured him that it would lift his production of sulphuric acid. Beri began bargaining for a wee bit more — a Tisco stake in the company and one of the top brass figuring amongst his board of directors. OK, said the steel giant. Tisco picked up 10% of SIL's equity and installed Aditya Kashyap on the board.



THE SIL PLANT & BERI (INSET): *Boom times ahead?*

The public issue, in the first quarter of 1986, was subscribed, courtesy the Tisco link-up. But, for some reason or the other, SIL has failed to justify the faith of the investing public. The maiden dividend has yet to materialise and there is an accumulated loss of Rs 70 lakh. The SIL stock languishes ignored at around Rs 18 on the major exchanges.

The scenario may change soon. Says Beri: "The oleum project was started in December 1990 and we commissioned the liquid sulphur dioxide project only a couple of months ago. The alum plant is three-fourths ready and should kick off in December 1991."

The liquid sulphur dioxide project is, by far, SIL's champion racehorse. There are, including SIL, 4 manufacturers in the country for this particular product. SIL's location in Jamshedpur is a distinct advantage. As liquid sulphur dioxide has to be despatched in cylinders, suppliers from west and south India have not only to incur high transportation charges taking the stuff to consumers — Indian Oil Corp (IOC) and Bongaigaon Refineries in Assam — but also pay for carting back the empty cylinders to their factories. Says Beri: "Being close to the consuming companies is going to be a tremendous advantage in addition to the margins we make. SIL has an installed capacity of 1,800 tonnes per annum (tpa) of liquid sulphur dioxide of which 1,400 tonnes will be sold to IOC and Bongaigaon. The remaining 400 tonnes we expect to sell without a problem to Deepak Nitrite. I can confidently state that as far as this product is concerned, we are sold out for the next 5 years."

The bread-and-butter product of the company is sulphuric acid. SIL sold 26,315 tonnes of the acid for Rs 4.41 crore in 1990-91 but, because of the increasing price of sulphur, margins were depressed. Says Beri: "Last year's average price of sulphur was Rs 3,057 per tonne, while this year the price is close to Rs 3,800 a tonne. Meanwhile, the selling price of the acid has moved from an average of Rs 1,677 in 1990-91 to around Rs 2,100 per tonne currently."

Poised for growth. The sum of the addition to the product range means that SIL, which recorded a net bottomline of Rs 1.21 lakh in 1990-91 (without accounting for depreciation), is poised, according to Beri's estimate, to record a net profit of Rs 30 lakh after providing Rs 34 lakh as depreciation. This, on the present equity capital of Rs 1.31 crore, works out to a cash flow of Rs 64 lakh and a cash earning per share (CEPS) of nearly Rs 5. Against the current share price of Rs 18, the price/cash earnings (P/C) ratio works out to a bargain 3.6 against an all-India average of around 10.

The projections for 1992-93 are even more comforting. The full year's working of the liquid sulphur dioxide and alum plant will be reflected in the sales and profitability figures. Beri is confident of sales rising to Rs 8 crore with the net profit touching of Rs 1 crore ("on the conservative side") from the working of only the oleum and liquid sulphur dioxide division. As SIL intends to expand the equity base to around Rs 2.20 crore, this is expected to result in an earning per share (EPS) of Rs 4.5 and a CEPS of Rs 6.

Of course, if one invests in 300 shares of SIL at around Rs 18, an additional 200 shares come in by way of rights at par, reducing the overall cost to a shade below Rs 15. Against this overall costing and the earnings for 1992-93, we have a price/earning (P/E) multiple of 3.3 and a P/E of a mere 2.5.

Keeping in mind the volatility of the secondary market, this stock is recommended for those who are inclined to guard themselves against a possible capital erosion. Besides, if you have the luck of the devil and actually end up being allotted more than your prescribed quota of rights (assuming that you ask for more) then you could stand to double your investment in a fairly short period.

□ Mudar Patherya

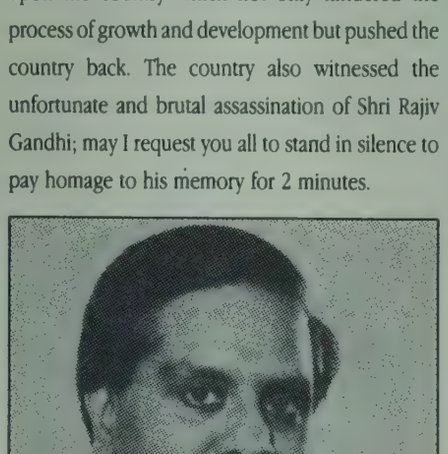
TAKING THE FAST LANE.

SPEECH OF THE CHAIRMAN MR. V.K. MODI TO THE SHAREHOLDERS AT THE 60th ANNUAL GENERAL MEETING HELD AT BOMBAY ON THURSDAY THE 26th SEPTEMBER, 1991.

Ladies and Gentlemen,

I have great pleasure in extending you all a very warm and hearty welcome to the 60th Annual General Meeting of your company. The audited accounts of your company for the financial year 1990-91 and the Directors' Report are already with you for sometime. I seek your permission to take them as read.

The period under review witnessed tremendous upheaval in the country's socio-economic and political structure. Avoidable agitations were thrust upon the country which not only hindered the process of growth and development but pushed the country back. The country also witnessed the unfortunate and brutal assassination of Shri Rajiv Gandhi; may I request you all to stand in silence to pay homage to his memory for 2 minutes.



V.K. MODI

In spite of the disturbances the country remained united and successfully went through the process of another general election.

ECONOMIC ENVIRONMENT

Indian economy is passing through a very difficult stage due to continued pressure on balance of payments, large budget deficits and double digit inflation. These problems persisted over the past few years but lately reached dangerous levels. The situation had been aggravated by the Gulf crisis as well as uncertain domestic political situation during 1990-91.

The country has recently gone through the process of another general election and the new Government under the Prime Ministership of Shri P.V. Narasimha Rao has been installed. I must say to the credit of the new Government that without losing any time, it seriously applied itself in the management of the shattered economy of the country and has dealt with the basic issues which were hampering country's growth and development. Though, pressures on prices and inflation are inevitable in the short run because of heavy taxation, yet within 2 to 3 years further removal of controls and freeing the economy is certain to accelerate the economic development. The country would attract sizeable capital from abroad. Direct foreign investment is likely to provide access to larger capital, hi-tech foreign market, high efficiency and quality culture, culminating into a healthy competition. The Government has recently announced some long awaited policies and measures with a pragmatic and realistic approach. Abolition of industrial licensing except for a short negative list, removal of MRTP limits, relaxation of locational policy, proposals to mop up black money, automatic clearance of direct foreign investment up to 51%, foreign equity in high priority industries and liberalisation of technology transfer agreements and collaborations are the steps in the right direction.

OPERATIONS

During the period under review, the turnover including other income at Rs.209.58 cr represents an increase of 17.5% over the prev year. For the first time the turnover has cro Rs.200 crore mark.

During the year, the company's plant produ 11,67,566 automotive tyres and 8,91,960 tubes sold 11,58,966 automotive tyres and 8,89,393 tu The production could have been higher but for l incidence of breakdown of plant and machi which is over 50 years old. The achievements sales were restricted to the above mentioned le

During the period, the company earned a g profit of Rs.763 lakhs and a net profit of Rs.530 la after providing for depreciation. A sum of R lakhs has been transferred from investm allowance reserve. The Board of Directors of y company has decided to change the metho providing depreciation from written down v method to straight line method in respect of fi assets on the same basis as was followed prior to financial year 1987-89. Due to the aforesaid cha a sum of Rs.575 lakhs was available. As a result o aforesaid, the balance profit for year aggregate Rs.1185 lakhs and after off-setting the accumul losses of Rs.1130 lakhs, the profit available appropriations amounted to Rs.55 lakhs. The p of your company exceed the budgeted targets were considerably higher during the period u review when compared to the previous year du rigid control on costs, better management of plant and machinery, improved product mix, be sales realisation and liquidation of finished go inventory.

I am pleased to state that the Board of Direc of your company have recommended a dividen Rs.0.60 per equity share for your approval. Th the first time after the company became public t even though modest, dividend is being propo

EXPORTS

In spite of deteriorating market condition many tyre importing countries and the adv Balance of Payments position due to the impac the Gulf war, exports showed a marginal incre from Rs.557 lakhs (FOB) to Rs.578 lakhs (FOB is a matter of satisfaction that the response to company's product range in the various coun has been encouraging.

CAPEXIL has once again awarded the "Certifi of Merit" to your company for the year 1989-9 recognition of the company's efforts and excel export performance.

HIGHLIGHTS

- **Indian economy passing through a very difficult stage due to continued pressures of balance of payments, large budget deficit and double digit inflation.**
- **New Government seriously applied itself in the management of the shattered economy of the country and has dealt with basic issues which were hampering country's growth and development.**
- **Pressures of prices and freeing the economy is certain to accelerate the economic development of the country.**
- **Abolition of industrial licensing, removal of MRTP limits, relaxation of locational policy, proposal to mop-up black money, automatic clearance of direct foreign investment upto 51% and liberalisation of technology transfer agreements and collaborations are the steps in the right direction.**
- **For the first time turnover of the Company has crossed Rs.200 crore mark.**
- **The total accumulated losses wiped off and thereafter the profit available for appropriations amounted to Rs.55 lacs.**
- **Recommendation of a maiden dividend @ Rs.0.60 per equity share for the first time after the Company became public.**
- **CAPEXIL once again awards the "Certificate of Merit" to the Company for the year 1989-90 in recognition of the Company's efforts and excellent export performance.**
- **Availability and the prices of petro based raw materials critical.**
- **Company's continued thrust on R&D activities.**
- **The first phase of the proposed modernisation has been appraised by the Financial Institutions and formal sanction letters clearing the proposal are awaited.**

RAW MATERIAL

The tension in the Gulf countries after August, 1990 and full fledged military operations in February 1991 in that area had the impact on the availability and prices of raw materials for the tyre industry almost all of which are petro based and, directly or indirectly, depend on imports. Certain fiscal measures taken by the government to face the acute foreign exchange crisis - further aggravated availability of the new materials as also the price structure. Notwithstanding the difficult situation faced, your company surpassed the previous year's production level.

RESEARCH & DEVELOPMENT

Your company has a Research & Development Centre duly recognised by the Government of India. The R&D Centre is undertaking research programmes for improvement in quality and minimisation of the product cost, development of new tyre design and related products, productivity increase and standardization, introduction of spin-drawn Nylon (new technology), introduction of new indigenous raw materials etc. As a result of the various R&D activities, your company has been benefitted with the development and introduction of new compounds, improvement in the performance of the existing product range, addition of new patterns and sizes, development of new raw-material and their sources and suitable modification in the product range so as to increase the exports. Your company recently decided to formulate yearly R&D budgets, and monitor the activities against the same. You would agree that this enables the management to focus attention and give the necessary push to inhouse R&D activities.

MODERNISATION

To reduce down times on account of plant and machinery being very old and to improve productivity to match the industry norms, your company has drawn out proposals for modernisation of the production facilities in phases. The first phase has been appraised by the financial institutions and I understand that the same has been well received by them. Formal sanction letters clearing the proposal are awaited. The company will take suitable steps to implement the modernisation scheme soon after the receipt of the sanction letters.

DIRECTORS

The Board had appointed Messrs. Alok Modi and Sanjiwan Sahni as Directors of the company on 30th May 1989 due to the vacancies caused by the resignation of Messrs. K.N. Modi and D.K. Modi respectively who were liable to retire by rotation. Messrs. Alok Modi and Sanjiwan Sahni hold offices only up to the date up to which Messrs K.N. Modi and D.K. Modi respectively in whose place they were appointed would have held offices, namely up to the date of the Annual General Meeting. The company has received notices from members for appointment of the aforesaid two persons as Directors of the company.

INDUSTRIAL RELATIONS

The company had harmonious and cordial relations with the employees during the period under review.

OUTLOOK FOR THE CURRENT YEAR

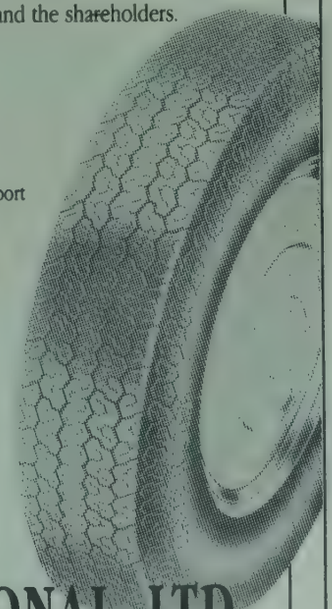
We are in a dynamic society and change is a must to survive the onslaught of highly competitive and changing market. The company has, therefore, put emphasis on improvement in quality of its human resources, plant and machinery and product by providing necessary inputs. The company is also introducing new patterns and sizes of its products to meet the changing market demands and to meet competition. This should stand the company in good stead. I hope that barring unforeseen circumstances, results of the current year would continue to be satisfactory.

ACKNOWLEDGEMENT

I place on record my appreciation to employees at all levels for contributions made by them. I also place on record my appreciation to various Central and State government authorities, financial institutions and banks for their valuable guidance and assistance. I gratefully acknowledge the support and goodwill extended by the dealers, customers, suppliers and the shareholders.

V.K. MODI
CHAIRMAN

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.



Modistone
BOMBAY TYRES INTERNATIONAL LTD.



HERDILLIA CHEMICALS

A BAD PHASE

The year to 31 March 1991 saw hurdles aplenty for Herdillia Chemicals Ltd (HCL). And naturally profits took a beating.

HCL's gross turnover, despite being helped by a 228% increase in other income, showed a minuscule 2% growth. (Gross sales at Rs 107.73 crore — Rs 110.57 crore — declined 2.6%.) Gross and net profits dropped 16.12% and 18.29% respectively. (Margins were also under pressure.) Hence, earning per share (EPS) also dipped to Rs 8.58 (Rs 10.51). Book value per share (BVPS), however, improved to Rs 58.31 (Rs 50.64) while return on net worth (RONW) declined to 11.33% (15.13%). Return on capital employed (ROCE) plunged to 7.97% (10.79%). While the company maintained dividend at Rs 2.60 per share, the payout moved ahead to 30.30% (24.74%). At the current market price of Rs 155 (Bombay stock exchange — BSE — 18 November 1991), the company's price/earning ratio (P/E) is 18.07.

Chairman G.P. Goenka ascribes the decline in turnover to an accident at the company's Thane-Belapur-based plant some time in May 1990. The mishap crippled production of phthalic anhydride, phenol and acetone. This had a spiralling effect on the capacity utilisation of the company's entire product range (barring phthalates, speciality fluids, and dodecyl and other alkyl phenols) which registered sharp declines.

Turning soft. All costs (except taxes) rose. HCL proved a laggard in managing its inventories, turned soft with its debtors and was less efficient in using its fixed assets. Besides, HCL has been running its business on heavily-depreciated assets (this year, HCL added Rs 3.25 crore to its gross block). About 59.85% (53.43%) of its fixed assets already stand depreciated. Then, in the current year (1991-92) the company's plant was hit by an act of God again. Heavy rains in June, forced the company to stop production for a week or so. Goenka says that the insurers are assessing the damage to both plant and stocks.

Now for some good news. The company has proved more conservative in financing itself. All the funds it has used for its activities are long term. And some 72.62% of these are internal funds. Also, the average sales realisation per tonne of all the products is up.

HERDILLIA CHEMICALS

(Rs crore)

	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross turnover	115.04	112.80
Gross profit	12.98	15.48
Profit after tax	6.31	7.95
Equity capital	7.35	7.35
Reserves	35.43	29.87
Gross profit margin (%)	12.05	14.00
Return on net worth (%)*	11.33	15.13
Dividend (%)	26.00	26.00
Earning per share (Rs)	8.58	10.51
Book value per share (Rs)	58.31	50.64

* Note: Revaluation reserves totalling Rs 12.93 crore (Rs 13.81 crore) have been added to reserves while calculating return on net worth.

Source: Annual reports

HCL's subsidiaries have put up a mixed show. Sister concern magnetic iron oxide manufacturer Herdillia Oxides & Electronics (in which HCL has invested Rs 3.5 crore), commenced production in January 1991. The company's plant for producing speciality chemicals — dipheny oxide and isobutyl benzene — is slated to start humming by December 1991. However, its subsidiaries Herdillia Unimers which is to produce ethylene propylene rubbers, and Herdillia Polymers, for making polybutenes, have still a long way to go before they begin production.

GODREJ FOODS

BEEFING UP

The effects of a merger, be they for the better or otherwise, are bound to manifest themselves in a company's balance-sheet. In the case of Godrej Foods Ltd (GFL), they have definitely proved beneficial as reflected in the company's annual accounts for the year ended 31 March 1991.

Born of a marriage between Godrej group company Vegoils and a joint venture (Noble Soya), GFL has notched up a gross turnover growth of 131%. And gross profit registered an 81% rise while net profit leaped 260%. (Gross margin, however, fell while net margin improved.) EPS moved up in tandem with net profit to Rs 3.10 (Rs 0.86). BVPS increased marginally to Rs 20.37 (Rs 19.60) while RONW sailed on to double figures — 15.21% (4.40%). ROCE is 8.96% (2.30%). At the current market price of Rs 29, the company's P/E is 9.35.

The reasons behind the merger are given in detail in 'A noble rescue' (*BW* 3-16 July 1991.) In the books, it has become effective from 1 January 1990. The Godrej group has increased its equity stake from 21% to about 58% and the erstwhile Noble Soya's performance has been considerably beefed

up thanks to the lucrative operations of Vegoils.

GFL has drastically reduced the time it takes to complete the conversion of inputs and is more active in collecting its money from debtors. The company has also improved its utilisation of fixed assets. Average sales realisation per kilolitre of all its products has improved. GFL has lessened investments in current assets, sold off some investments and become dependent on long-term funds for running its business. The funds from the sale were used for repaying some Rs 2.39 crore worth loans. Except for rising raw material costs, the company managed to keep a tight rein on all the other expenses. And besides the usual range of oils and fats, GFL has started refining sunflower oil during the year.

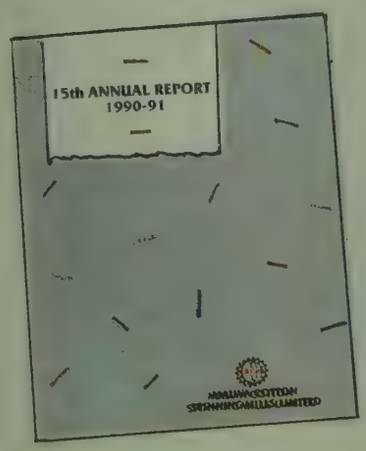
GFL does not have much to crow about as regards its capacity utilisation. Except for solvent oils and extractions, the company's capacity utilisation of all other facilities has stagnated below 50%.

As for the future, GFL is to increase its edible oils output and will be developing its own marketing network for selling fruit drinks, tomato puree (the company has already launched them in Bombay and intends to go national later) and other convenience foods. GFL also has the capacities to produce toilet soap and animal feeds (where the Godrej group has a considerable say; besides, the market is growing). As the company has decided to venture out on its own (formerly had a licensing agreement with Lipton to make Tree Top) into the manufacture and marketing of fruit drinks, chairman Adi B. Godrej anticipates some pressure on profits in the current year. Besides, he adds, the company has to splurge a lot on advertising and promotion of its brands.

GODREJ FOODS

	(Rs crore)	
	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross revenue	61.12	26.41
Gross profit	2.95	1.63
Profit after tax	2.01	0.56
Equity capital	6.49	6.49
Reserves	0.93	0.42
Gross profit margin (%)	4.83	6.16
Return on net worth (%)	15.21	4.40
Dividend (%)	—	—
Earning per share (Rs)	3.10	0.86
Book value per share (Rs)	20.37	19.60

Source: Annual reports



MALWA COTTON

GOOD SHOWING

It's been another successful yarn-spinning year for Malwa Cotton Spinning Mills. And, consequently, its profit figures for the year ended 31 March 1991 have spun an equally-impressive yarn.

Malwa Cotton's gross turnover was up 31.31%. Gross profit showed a 39% increase, while net profit improved 61%. (Margins also improved slightly.) EPS, keeping in tune with the blossoming profits, leaped to Rs 20.48 (Rs 12.72). BVPS also increased to Rs 75.37 (Rs 54.72). RONW is a healthy 27.17% (23.25%). Although a higher dividend per share of Rs 3.50 (Rs 3.30) has been doled out to shareholders, payout declined to 17.09% (25.94%). Malwa Cotton's P/E is 9.52 at the current market price of Rs 195.

This good performance can be attributed to the happy times the company is enjoying on the production front and the marketplace. Acrylic yarn production went up by 14%, cotton yarn production by 15% and polyster viscose yarn production almost doubled. And average sales realisation for all its products is also up (barring polyester viscose yarn and acrylic fibre where the competition in the market is getting tough).

On the negative side, save for material and depreciation costs, Malwa Cotton has been unsuccessful in curbing expenses. The company has also slipped slightly in the proper use of its fixed assets. And, on the factory floor, the company was a bit slack in converting its inventory and was even slower in collecting its dues. Besides, during the year in question, Malwa Cotton altered its method of calculating the provision it has to make for depreciation. From the usual written-down value method, it switched to the straight-line one. As a result, depreciation costs are down by Rs 3.13 crore and profits are overstated by that amount.

While its other cousins are merrily exporting yarn and gathering greenbacks, Malwa Cotton had to be content with a foreign exchange earning of Rs 2.66 crore, while it used some Rs 5.28 crore worth of forex.

The company's Paonta Sahib (Himachal Pradesh) unit is currently on an expansion/diversification programme whereby an additional 10,080 spindles are to be added for producing cotton yarn. Besides, there are also plans for adding yet another 20,000 spindles. The company's Barnala unit is being modernised to allow the manufacture of value-added yarns. Plans are also afoot for starting an export-oriented spinning unit.

□ G. Giridhar

MALWA COTTON

	(Rs crore)	
	12 months ended 31 Mar 91	12 months ended 31 Mar 90
Gross turnover	116.80	88.95
Gross profit	17.86	12.83
Profit after tax	10.03	6.23
Equity capital	4.89	4.89
Reserves	32.02	21.90
Gross profit margin (%)	15.42	14.52
Return on net worth (%)	27.17	23.25
Dividend (%)	35.00	33.00
Earning per share (Rs)	20.48	12.72
Book value per share (Rs)	75.37	54.72

Source: Annual reports



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A WELCOME HAVEN

With a view to satisfy the growing appetite of middle-class investors for regular income schemes and to cope with the rising cost of living, the Unit Trust of India (UTI) has launched the Growing Monthly Income Unit Scheme (GMIS 91) which will be on tap till 30 November 1991. A cumulative option for those who prefer a lumpsum amount at a later date rather than a regular income is also on offer. The 5-year scheme will mature on 1 December 1996.

Under the monthly income option (MIO — option A), investors will get a 14.5% per annum (pa) dividend for the first 3 years and 15% pa thereafter. Post-dated monthly cheques will be sent in advance. In addition there will be a minimum 2% capital appreciation on maturity.

Under the cumulative growth option (CGO — option B), the original investment will more than double in 5 years, and every Rs 1,000 invested will become Rs 2,100. Besides, there is some scope for capital appreciation upon the scheme's termination.

The units have a face value of Rs 10 each and applications will have to be in multiples of 10, subject to a minimum investment of Rs 5,000 under the MIO and a minimum of Rs 1,000 under the CGO. There is no maximum limit.

Besides individuals, singly or jointly, or on behalf of minors or mentally-handicapped persons; companies and bodies corporate; eligible institutions like charitable or religious trusts or endowments; registered societies (including registered cooperative societies); private trusts for the benefit of children; and Hindu undivided families (HUFs), can also apply for the scheme. Non-resident Indians (NRIs) and partnership firms, however, cannot.

While the transfer of units is not permitted, they can be pledged by investors with banks. And a repurchase facility after 3 years will also be available. However, if the investor dies during the scheme's currency, the nominee or legal representatives will be paid the repurchase price on request. Partial repurchase is not allowed.

The schemes offer multiple tax concessions:

- For individual investors, no tax deduction at source, whatever be the amount. Their income from all UTI schemes, along with income from other specified investments, will be exempt up to a Rs 13,000 limit under s.80L of the Income Tax Act 1961 (ITA). Of this, Rs 6,000 is available exclusively for income from UTI schemes.
- Any capital gains arising at the scheme's end will be subject to concessional tax treatment as long-term capital gains under s.48 of the ITA. Currently, long-term capital gains up to Rs 15,000 are fully tax exempt and a 60% deduction is permitted thereafter.
- Wealth tax exemption under s.5 of the Wealth-Tax Act, 1957.
- Units are approved securities under s.11(2)(b)(ii) of the ITA. Eligible investing institutions/bodies corporate will, therefore, qualify for the necessary tax exemption in respect of income and corpus under s.11 and 13 of the ITA.

M. D. MUKHI



No tax deduction will be made for institutions which are covered under s.11 or 12 or 10(22) or 10(22A) or 10(23) or 10(23AA) or 10(23C). However, other institutions/bodies corporate/HUFs desiring receipt of income without tax deduction at source are required to obtain a certificate for non-deduction under the second proviso to s.194 and submit the same along with the application, failing which the trust will deduct tax at source at the prevailing rate.

While the UTI schemes do not carry any 'early-bird' incentives offered by most other mutual funds, all applications submitted on or before the 15th of the month will be eligible for income distribution for the whole month. Those coming in after that will be eligible for income distribution for only half a month.

UTI's new scheme has been well-designed and has a 'beauty-parlour' touch with several investor-friendly features: it has a medium term of 5 years; regular monthly income which grows over the period to help you cope during demanding inflationary times; an attractive 15% plus per annum return (when compounded on a monthly basis); repurchase facility after 3 years and total security of investment.

With the fixed deposit interest rate of non-finance companies pegged at a maximum of 14% pa, and no tax benefits whatsoever, and share markets turning volatile and risk-prone, UTI's new scheme can be considered a welcome haven for all middle-class savings.

- *The author is a Bombay-based investment consultant.*

IN A NUTSHELL

Scheme: UTI's Growing Monthly Income Scheme (GMIS 91). Option A: Regular monthly income of 14% pa for the first 3 years and 15% pa for the last 2 years, with minimum 2% capital appreciation on maturity.
Option B: Invested amount more than doubles in 5 years.
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Minimum & maximum amount investible: In multiples of 10 units. Minimum Rs 5,000 under option A and Rs 1,000 under option B. There is no upper limit. Cheques to be drawn in favour of "Unit Trust of India — GMIS 91."
Eligibility: (1) Resident adult individuals; (2) minors; (3) persons investing for the benefit of mentally-handicapped individuals; (4) HUFs; (5) charitable and religious trusts or endowments and registered societies (including cooperative societies); and (6) bodies corporate (excluding companies).
Liquidity: Repurchase facility 3 years after allotment.
Tax benefits: (1) Income exempted up to Rs 13,000 under s.80L; (2) no deduction of tax at source for individuals and eligible institutions and charitable trusts; (3) wealth tax exemption up to Rs 5 lakh under s.5; and (4) tax exemption of income and corpus of eligible institutions under s.11 and 13.
Other features: (1) Nomination facility available; and (2) applications made before the 15th of a month will be eligible for the entire month's dividend.



The following is the Statement of Mr. M.R. Chhabria, Chairman of Dunlop India Limited, at the 65th Annual General Meeting on Thursday, 26th September 1991.

I have great pleasure in welcoming you to the 65th Annual General Meeting of your Company. The notice for this meeting, the Annual Accounts and the Directors' Report for the year ended 31st March 1991 have already been circulated to you and, with your permission, I shall take them as read.

Before I proceed further, may I request you to stand in silence for two minutes to pay homage to the memory of Shri Rajiv Gandhi whose untimely death robbed us of a respected and great leader at the prime of his life.

THE ECONOMY

The year under review was marked by an economic crisis with four related facets, namely balance of payments, the budget deficit,inflation and a slow-down of the economy. This situation was mirrored in the imposition of severe restrictions on imports, the tightening of credit by lending agencies and the Gulf surcharge on petroleum products. By the year-end, the country was experiencing double digit inflation.

The new Government, to its great credit, took corrective steps in rapid succession and indeed, it saw the crisis as a historic opportunity to make structural reforms in economic policy. A decision for a sharp depreciation in the value of the Rupee was followed by sweeping changes in the Trade Policy, suspension of Cash Compensatory Support and substitution of import licensing by the Exim Scrip. A new Industrial Policy 1991 was announced with the presentation of the Union Budget, which unshackled. Indian industry from a myriad of administrative and legal controls. And this is only the first stage of a longer term liberalisation of the economy.

These economic reforms spell far reaching changes for our country. After pursuing a largely inward looking industrial policy for four decades, there is a clear recognition by the new Government that India has to be an unrestrained and major player in the global economy, or be left behind in the race to end poverty and unemployment, and become a prosperous modern nation. For your Company, these changes mean even greater emphasis on our plans for modernisation, technology upgradation and even larger exports to reduce manufacturing cost and remain competitive.

FINANCIAL PERFORMANCE

In an unfavourable business environment, your Company demonstrated its strength and resilience by increasing its annual turnover beyond Rs.600 crores - the first Tyre Company in India to do so. Profit before tax was Rs.14.29 crores compared to Rs.14.05 crores in the previous year.

Unfavourable cost trends required major efforts in cost reduction and working capital control to achieve these results.

MARKETING

Tyres

Your Company improved its mark share for Truck tyres in the competiti replacement market, and **its new introduced high performance X 1 Truck tyre, specially developed wi Sumitomo Rubber Industrie Japan to suit Indian road condition firmly established itself as a mark leader. In Car Radials, the Dunl Radial tyre continues to be t customer's first choice. In t 2-wheeler sector, the Spectra-Wi tyre provides a performance sup ior to competitive brands.**

The association with FALCON, whi was mentioned in my last speech, h been strengthened and will help yo Company's thrust in the two-whee market.

The dealer network has been furth strengthened and an effective promo onal policy provides strong support f all sections of the tyre range.

Industrial Products

Dunlop Industrial Products form substantial Division of the Compan and all products have a solid technic and marketing base. Steel Co Conveyor Belting is manufactured international standards and there is substantial demand from the domes and international markets. **The colla oration with Mitsuboshi Beltin Ltd., Japan has permitted t manufacture of a new generation Vee Belts and Cut Edge Auto Be which are now accepted as mark leaders.**

EXPORTS

Export earnings at Rs.57.93 cror were 28.9% higher than t previous year (Rs.44.93 crores). It a source of satisfaction that t

DUNLOP

Company has exported, during the year, 25% of its Truck tyre production, which is the main product line.

The first export order for Steel Cord Conveyor Belting was executed during the year and customer satisfaction is expected to result in repeat orders. Significant trading turnover was achieved as a registered Trading House.

Corporate plans emphasise a rapidly increasing export activity and the new Trade Policy provides further opportunities.

PRODUCTION

The modernisation and expansion plans mentioned by me last year are on schedule and we continue to give emphasis to the achievement of very high levels of quality assurance, the results of which have been perceived in the market place.

Your Company continues to be the only manufacturer of Aircraft tyres in India and our R & D Centre has the capability to design tyres for the latest aircrafts. For example, tyres for the MiG 29 have been indigenised and they are specially fabricated light weight tyres which have passed a rigorous qualification test programme at our collaborator's facilities in the U.K.

COST

A large part of the materials used by the Tyre Industry are petroleum based and the escalation in cost has been a cause of major worry. This escalation has further spiralled due to the devaluation of the Rupee and there are severe restrcitions on imports. The containment of cost is a major objective but selling price increases are also inevitable.

PERSONNEL

We believe that the most promising industrial initiative is to invest in people. Well trained personnel, able to acquire new skills and adapt to changing demands, is the most valuable asset a Company can have. I believe that Human Resource Development is the essential requisite for a large and complex technology-driven Company.

I am pleased to inform you that the Charter of Demands at Ambattur Factory has been settled amicably and I am confident that productivity gains will be achieved.

PROSPECTS

Growth and consequent improvement of productivity in existing factories will be the mainstay of our strategy for the next few years. The first phase of this Plan will be completed by the end of 1991, but the process will need to continue with vigour. Simultaneously, there will be a continuous review of plant and process to improve quality and achieve internationally comparable product performance.

An application has been made to the Government of India for setting up a third Tyre Factory in Maharashtra, within which the Company will implement its plans for the manufacture of All Steel Radial Truck tyres.

Backward integration is a part of Company strategy and project implementation of the Carbon Black plant in Haldia by Sun Carbon Corporation Ltd., the Joint Sector Company with West Bengal Industrial Development Corporation Ltd. is expected to commence shortly.

The Company continues to pursue its plans for setting up a plant for the manufacture of Nylon '6' Industrial Yarn/Tyre Cord Fabric. A Sports Goods Division has been set-up and Dunlop sports goods were launched, initially in South and East India, earlier this month.

We are in the midst of major economic reforms in the country which will have a large impact on industry in general, and technology based companies such as Dunlop India in particular. I said in my speech last year that "Indian industry has perforce to plan its growth to participate actively in this changing global scene and achieve international levels of cost effectiveness and quality", and your Company is already actively engaged in preparing for this new industrial environment.

VOTE OF THANKS

I wish to express my thanks to our employees at all levels for their cooperation and support during a difficult period, and to our dealers and other customers. I wish to thank all our suppliers of raw materials and equipment for their timely support. I wish also to thank each of our foreign collaborators for the assistance provided in upgrading our products, achieving energy and other savings and keeping us abreast of technical progress in the international arena. My thanks also to the various Departments of the Central and State Governments for their assistance, and to Financial Institutions, Bankers and all investors in your Company for their support.

NOTE : This does not purport to be a record of the proceedings of the Annual General Meeting.

DUNLOP

Pledged to keep India ahead. Always ahead.

PRESSMAN

Emerging unscathed from the financial scandals, will the BoJ...

RIDE THE STORM?

One institution which has emerged unscathed from the flurry of scandals afflicting Japan's financial sector is the Bank of Japan (BoJ). Indeed, the central bank's reputation has been enhanced relative to that of the ministry of finance (MoF), which finds itself mired in various financial scandals.

With governor Yasushi Mieno at the helm since December 1989, the BoJ has steered Japan through turbulence created by the tidal wave of liquidity which swamped asset markets in the late eighties. In the area of monetary policy, as well as market supervision, the BoJ has emerged looking good.

The question now is whether the BoJ will be able to capitalise on the MoF's misfortunes, and its own gain in relative stature, to win more autonomy — or whether the finance ministry will manage to bury the current scandals and reassert its authority and credibility.

A major obstacle facing the BoJ in this respect is that it is constitutionally subordinate to the MoF. A plan aimed at creating a more autonomous Japanese central bank in the immediate aftermath of World War II floundered when the still powerful finance ministry successfully countered any erosion of its own powers.

The MoF retained the right to appoint the governor of the central bank and to influence its budget, administration and personnel. Mieno is the 26th governor of the BoJ and, as Hisayoshi Katsumata of Toyo Keizai observes, 1 of only 8 career BoJ officials to hold that position. All the others have come from the MoF or the public sector. Mieno is an unusual central bank governor by Japanese standards. Almost immediately upon taking office, he moved to raise official interest rates, thereby incurring the obvious displeasure of outgoing finance minister Ryutaro Hashimoto who was riding a wave of popularity on the back of easy money and soaring asset values in Japan.

The moot question is whether the BoJ will use the opportunity to win more autonomy

An austere and rather reserved figure compared to the somewhat showy and politically opportunistic Hashimoto, Mieno stuck to his guns and pushed interest rates resolutely higher until stockmarket prices and land values yielded to reality.

The ebbing of the asset inflation tide exposed all manner of previously concealed practices, with brokerages and banks found to have engaged in deals which were at best dubious and at worst illegal. They are now paying the penalty, with the finance minister identified as a kind of collaborator. In addition, Hashimoto's personal reputation has been stained by the disclosure that his secretary at MoF was indirectly involved in a bank fraud.

Mieno could hardly have orchestrated matters more effectively if he had sought to discredit the architects of Japan's easy-money expansion. But the central bank governor still has too many battles on his hands to indulge in the luxury of self-congratulation.

The BoJ is trying to steer the Japanese economy toward a soft landing in an effort to ensure that the twin pillars of economic growth — personal consumption and capital investment — do not have their foundations too badly eroded by the ending of the cheap-money era.

This strategy has been reasonably successful to date, and even if the MoF is forced to ease fiscal policy somewhat, such a policy would fit the designs of a central bank concerned that monetary policy should not take all the strain of Japan's economic adjustment.

Nothing has changed constitutionally to empower Mieno to achieve these various ends; so the conclusion has to be simply that he had more courage than some of his predecessors in standing up to the seemingly all-powerful finance ministry. In recent years, BoJ and MoF officials have alternately assumed the position of central bank governor, though Mieno appears to be the most independent-minded BoJ appointee to date.

The power of a central bank relative to a finance ministry is an issue which has excited considerable debate elsewhere. For example, while Germany's Bundesbank has been held up as a model of virtually autonomous excellence, the Bank of England has been criticised for being the opposite. Public sparring matches between Mieno and Hashimoto over interest rates sparked a similar debate in Japan.

A new body. But what could swing the balance in Japan's case is not such macroeconomic issues but the now obviously weakened position of the

A TOKYO INTERSECTION: *Financial crossroads*



MoF following the securities houses compensation scandal. There has been a clamour to take away securities regulation from the finance ministry and vest it in a new body modelled along the lines of the US Securities & Exchange Commission (SEC).

This debate hinges on whether one institution — the MoF — should be charged both with promoting the interests and regulating the behaviour of institutions such as securities houses and banks, in addition to insurance companies and others.

If Japanese legislators do eventually see fit to separate these functions, in the case of securities houses through the creation of an SEC, then the logic of also doing so in the case of banks would seem irrefutable. In this case, the BoJ could expect to see some enhancement of its regulatory function.

This role is now limited to sharing bank regulation with the MoF and — in the case of non-bank financial institutions — with the ministry of international trade and industry. Even then, the BoJ regulates only those banks and other financial institutions which open an account with it.

A total of some 650 institutions are covered, including all the principal city, regional and trust banks and many smaller institutions. The BoJ's supervision of these institutions is linked to its lender-of-last-resort responsibility and, strictly, it is up to the MoF, which licenses financial institutions, to ensure compliance with official regulations.

But the whole shape of bank and brokerage supervision in Japan could alter in 1993 when securities houses are due to be given limited access to banking business and vice-versa. Enabling legislation still has to be passed by parliament, and it is unclear just who will be allowed to do what in each field.

Like elsewhere, the power of its central bank relative to its finance ministry is an ongoing issue in Japan

The BoJ has seen the writing on the wall, however, and realises it will need to become more involved in supervising securities houses — which already carry on limited banking business outside the country — if they are going to be able to enter the domestic banking market.

It is likely that securities houses will be able to do banking business only through specially constituted subsidiaries, and that various "firedoors" will be erected between their banking and securities operations. Such measures would be required to avoid breaching the separation of commercial banking and securities business provided for under article 65 of Japan's Securities and Exchange Law.

Nevertheless, the BoJ recognises that as lender-of-last-resort to the financial system it could easily find itself dragged into bailing out securities companies as entire entities if their banking operations ran into trouble.



MIENO: *Unusual governor*

Public confidence. Firedoors or no, public confidence in the integrity of a financial institution — and possibly in that of the financial system as a whole — could evaporate rapidly if one arm or another ran into trouble.

Unlike the MoF, the central bank is thought to favour the concept of universal banking in Japan, whereby securities and banking operations could be conducted under one roof. That way, the BoJ's supervision of financial institutions would be rendered a good deal easier.

In this as in other areas, however, the MoF has the power to restrict any expansion of the BoJ's role. By virtue of holding the purse string for all government departments, the finance ministry is able to keep the BoJ on a fairly short rein already by limiting its head-office bank supervision staff to around 100 people. The result is that, like the MoF, the BoJ can only visit each institution it supervises about once every 18 months.

The decision in August to bail out the troubled Toho Soho Bank with funds from the Japan Deposit Insurance Corp was seen by some observers as representing a significant move in the evolving relationship between the central bank and finance ministry over supervision. It was the first time such funds — jointly administered by the BoJ and the MoF — had been employed in the 20-year history of the corporation, with the central bank appearing to take most of the initiative.

While some questioned the use of public funds to finance a merger between two banks — thereby rescuing stockholders and creditors as well as depositors of Toho Soho — the BoJ's rapid initiative to prevent any loss of public confidence in the banking system also drew widespread praise.

Behind the scenes. No bank has been allowed to fail in Japan since 1942, and the BoJ is now thought to be active behind the scenes in trying to prevent trouble among smaller banks which became overexposed to Japan's property boom by encouraging mergers or proposing other solutions.

The BoJ is also considering revising the criteria for institutions to open an account with it in order to bring more of them within its supervisory ambit.

The central bank's ability to react to problems within the financial system has apparently been enhanced by a fairly sweeping reorganisation of its financial and payments systems operations last year. This move appeared to anticipate problems appearing in the banking sector, and may indeed have reflected Mieno's realisation that a tighter money policy could precipitate them.

The BoJ has also had to cope with the difficulties the Japanese banking system is encountering over capital adequacy ratios introduced by the Swiss-based Bank for International Settlements (BIS) and which are due to become fully operational in 1993.

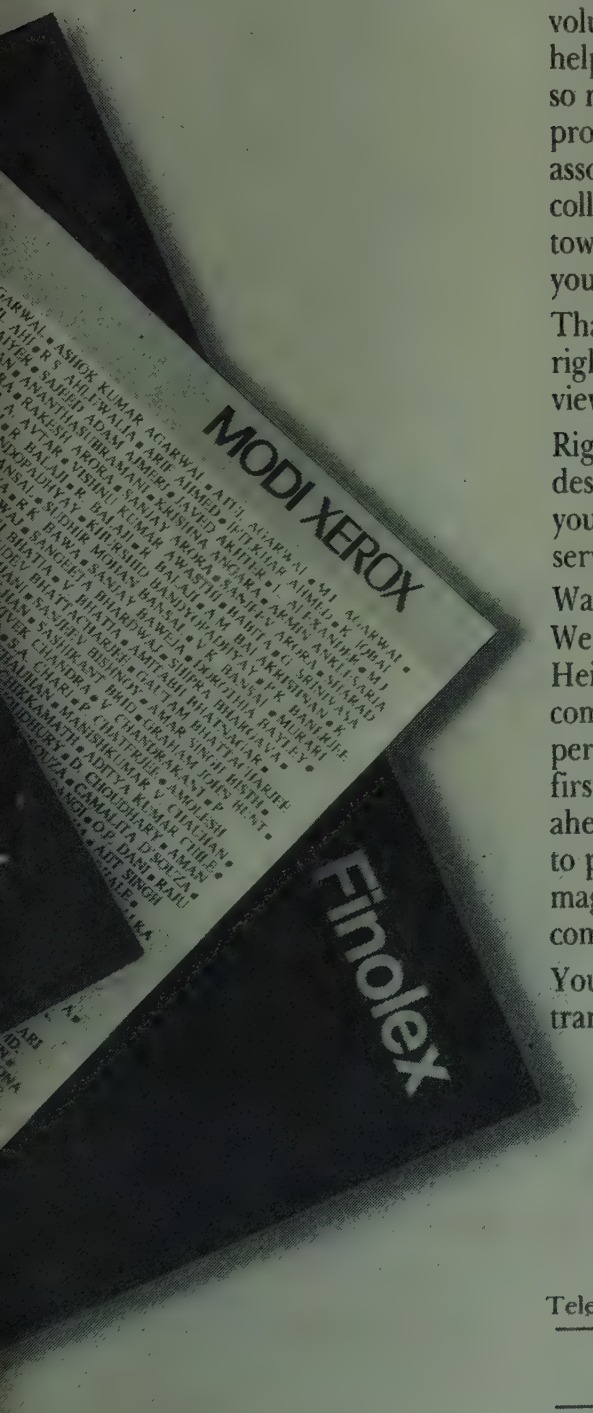
Because of their heavy reliance on unrealised profits from securities holdings to bolster their BIS tier-2 capital, Japanese banks now face problems as a result of the dramatic collapse in Tokyo stockmarket values since the beginning of 1990.

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falling below 22,000 by the end of August, many banks were thought to be operating below the 8% capital to risk-assets ratio mandated by the BIS. Unless the stockmarket revives, the banks will probably need to issue a good deal more subordinated debt and other forms of new capital.

Technically, there are no penalties which the BoJ or the MoF can apply to any banks which transgress the BIS rules. However, any bank which continued to do so for long against the advice of either body would probably find its account with the BoJ being closed — along with access to lender-of-last-resort privileges — and might even have its licence from the MoF revoked. — *Far Eastern Economic Review.*

Singapore is trying to alter its image.

DOWN TO THE WATERLINE

Singapore is seeking to rediscover its roots as a tropical island. The clean and green city-state aims in the future to focus more of its development on the waters that surround it. By the middle of the next century, it will be more of a tropical resort and less a mere shopping centre — and it will be a lot bigger, too.

The aim is encapsulated in an urban plan that is meant to determine the shape and look of the republic for the next 50 years or so and will cost billions of dollars to achieve.

Two themes stand out in the concept plan of the government-backed Urban Redevelopment Authority (URA): more waterfront development and more decentralisation. By "Year X," an unspecified date by which Singapore is projected to have a population of 4 million (against 2.7 million in 1990 and 3.7 million by 2030), the size of Singapore will have grown to 730 sq km, compared with 626 sq km at the moment. This will entail a massive amount of land reclamation — more than double what has been achieved since 1967.

Doubling the coastline. The URA wants to double the amount of coastline from its current length of 140 km by the year 2010 and to build a coastal road that will pass by or through a series of lagoons, beaches and resorts that are to be created. Four resorts are to be established in addition to the existing one at Sentosa (where 3 hotels are being built) and a new island will be reclaimed, stretching from the central business district to Changi Airport.

Waterfront houses are to be built on Sentosa Island and along the banks of two rivers, Geylang and Rochor. But the most ambitious proposal is to build a township, to be called "Simpang," where the houses will be built either near or on the water. "Having a boat near the backyard will no longer be just a dream," says the URA. The location has yet to be decided.

The reason for turning the planners' attention to the sea is not hard to fathom. Since the sixties, the URA's priority has been to convert a tropical slum into a clean and efficient city-state. This has been achieved, but the process has almost completely neglected the fact that Singapore is an island. Indeed, as the URA points out in the plan, it is possible to live in Singapore and forget that it is surrounded by water.

Business districts. Housing more people at the water's edge is not the only way the planners will disperse Singapore's population.



Their idea is to add 4 more business districts to the existing one at Raffles Place and Shenton Way and to construct a new transport network that will link the new business centres with the existing infrastructure.

The 4 new "regional centres" will be located at Tampines, Seletar, Woodlands and Jurong East. Woodlands is already a sizeable community, located near the existing causeway to Malaysia. Jurong East will tie up with the second causeway, which is due to be completed on the western side of the island in 1994. Construction of 3 of these centres is expected to begin in the next 10-15 years. The fourth, at Seletar, will be completed by Year X. Each development will comprise offices, hotels, shops and restaurants totalling 1.5 million sq metres. By Year X, the 4 centres will serve up to 8 lakh people.

The existing central business district will be expanded southwards and eastwards — towards the waterfront. As early as 1994, the reclaimed land of Marina South will be home to Suntec City, a convention centre and two office blocks being developed by a Singapore-Hongkong consortium at a cost of S$1.5 billion (Rs 2,209 crore).

By decentralising Singapore, the plan should give people more room to breathe. The proportion of high-density housing is expected to fall to 75% by 2010 from 83% today and medium-density housing to increase to 15% from 8%. Now that the public-housing programme is all but complete, the emphasis will be on upgrading existing blocks and reducing the proportion of high-rise apartment blocks.

All this will require new roads and extensions of the Mass Rapid Transit System to serve the new regional centres. And by 2010, a light-rail scheme will be running between urban centres in the north and east of the island.

In thinking "blue," the URA has not neglected "green." The concept plan envisages that 3,000 hectares of woods, bird sanctuaries, mangrove swamps and nature reserves will be earmarked for

conservation. Of this area, 75 hectares in the centre of the island will be left as primary forest, which the URA points out, contains more plant species than the entire US.

Despite the concept plan's glossy appearance and dreamy phraseology, it is likely to have very practical consequences for the local property market and the entire economy. The URA acts as land agent for the government, which is the biggest landowner in Singapore, while 86% of the population lives in public housing. In addition, the government has wide powers over zoning and the acquisition of private land for public use. — *Far Eastern Economic Review.*

Developing countries can look ahead to better times.

THE PICTURE BRIGHTENS

On the world debt scene, there is happier news in this second half of 1991. After groaning under repayment burdens for some 8 years, many developing countries can now look less desperately to the future.

In Latin America, the countries' credit ratings have vastly improved, as shown by an eager market to trade in their debt securities. The so-called "Brady bonds," named after the US treasury secretary because they are backed by US treasury paper, have been rising in price. Banks and insurance companies are now actually bidding for poor-country debt, because they think the economies have turned the corner.

The fact is a powerful switch to economic pragmatism is sweeping through the indebted nations, as is shown in the World Bank's latest *World Economic Development Report.* Officials and academics in these countries both say that governments are more committed to market forces and liberalisation of investment markets than before.

This is clearly the case in India, where finance minister Manmohan Singh was quoted by the *New York Times* recently as saying: "Everybody is convinced it is time for fresh thinking." The revived strength of the stockmarkets is also quoted as a sign of optimism.

Easily listed. The net creditor nations in the world are easily listed. They are Japan, Taiwan, Singapore, Hongkong and Brunei in Asia, and Germany and the UK in Europe. And if you add South Africa and some of the smaller tax havens of Europe, the tally is complete.

On the other side of the global account are some heavyweight debtors: the US, Canada, Brazil, Argentina, Mexico, Australia and Russia/east Europe. In Asia alone, the list runs as follows: India with $70 billion; Indonesia with $66 billion; China with $53 billion; South Korea with $30 billion; Philippines with $29 billion; and Thailand with $27 billion.

However, these debt totals must be compared with other phenomena in the countries concerned — domestic savings as a percentage of domestic output, for example. A hefty volume of savings underpins the debt and gives a country a sound credit rating, nearly irrespective of the size of the debt.

Thus we see that, according to Asian Development Bank (ADB) statistics, Indonesia and China with an over 25% savings ratio, and South Korea and Thailand with 32% each can amply finance their debt-servicing. India does not come off badly in this comparison, with a 21% ratio. It is the Philippines, barely saving 13% of domestic output, which is Asia's most struggling debtor (although, to its credit, it has not reneged on or delayed a repayment yet).

The countries of south Asia carry relatively small debt loads — but their exports are not strong enough to service them easily. East Asian countries (which means South Korea down to Indonesia and the Philippines) carry a heavier load, but their export incomes are so large that it is easily serviced.

Brighter future. The outlook? South Asia's economic growth rate is looking brighter: the region should grow by at least 4% a year in real terms over the next few years. So if India and its neighbours can crank up export values, the debt-servicing ratio can be cut to a more comfortable 20% and less.

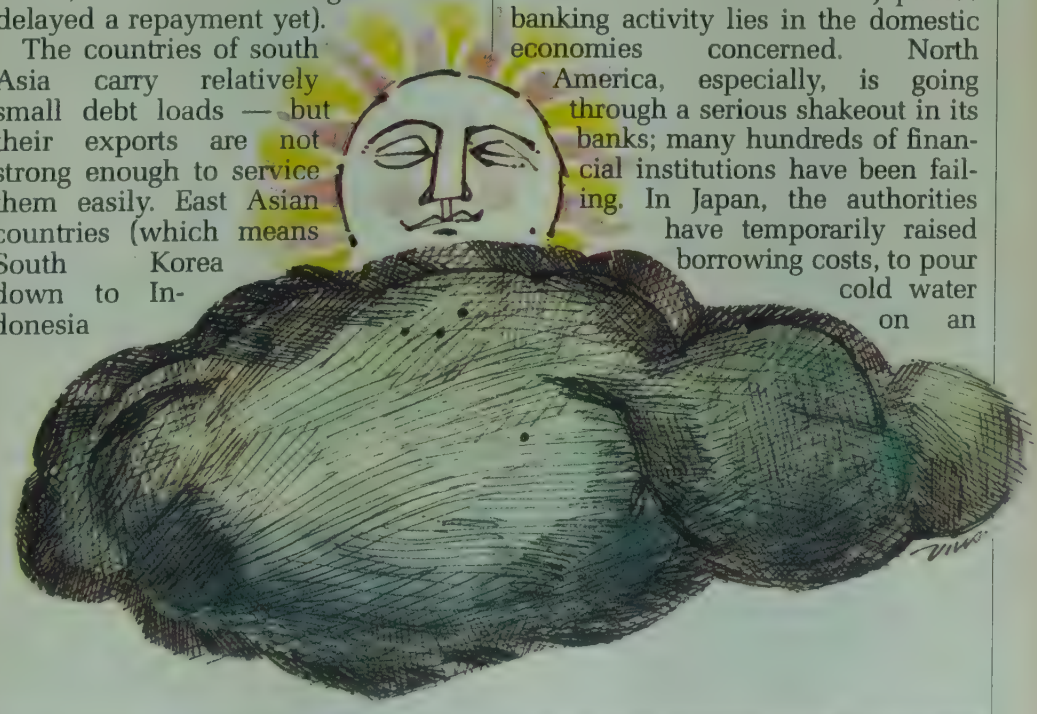
Borrowing costs are falling, too, which is some relief. For instance, average US short-term rates have slid from the 6.5% level to 5.5% this year.

However, we should not ignore certain darker trends. In addition to aid fatigue and charity fatigue, we still have some loan fatigue. Many commercial banks are getting out of the international lending business.

So where will all the money come from to rescue the shattered economies of eastern Europe, not to mention those of Latin America and Africa? Few governments seem able or willing to extend loans and grants today, although politicians are great at promising funds!

Global banking is now slowing down, according to International Monetary Fund (IMF) statistics for recent years. Lending and borrowing by all financial institutions peaked in 1989. In that year, about $800 billion flowed into and out of the loan accounts of the world, but this turnover of funds will have probably shrunk to $550 billion this year.

One of the main reasons for the decline in American and Japanese banking activity lies in the domestic economies concerned. North America, especially, is going through a serious shakeout in its banks; many hundreds of financial institutions have been failing. In Japan, the authorities have temporarily raised borrowing costs, to pour cold water on an



overheating economy. The result: less lending to Japanese companies, and a steep fall in share prices on the Japanese stock exchanges. But a revival is expected early in 1992 and economic mandarins are forecasting better times. In fact, Japan has already started lending heavily to China. So lean times on the loan front are not about to hit the world's debt-burdened nations. — *Alan Chalkley.*

Kodak and Fuji draw up survival strategies.

ZOOMING IN

For years the spectre of the all-electronic still camera has loomed over Eastman Kodak and Fuji Photo Film, threatening to wipe out their lucrative dominance of the $50 billion (Rs 1,25,000 crore) market for photographic film and paper. Now they plan to strike back.

Electronics has changed thousands of consumer products, from kitchen appliances to cars. But for few industries does it represent the mortal threat that it does for the photography business. Electronic cameras, using compact discs (CDs) to store hundreds of images, which can then be manipulated in marvellous new ways, could wipe out almost overnight the giant industry supplying photographic paper and film.

Electronics has already devastated the markets for some photographic equipment. *Popular Photography* says, the number of flashbulbs shipped by Sylvania, General Electric and other American manufacturers collapsed from 2.5 billion in 1979 to only 96 million last year as electronic-flash systems took over. Video camcorders have turned home movies and photographic slides into antique curiosities. Sales of slide projectors in the US fell from a peak of 8.72 lakh in 1973 to a mere 77,000 last year.

Camcorders seem even to be cutting into the market for still photography. The total number of still pictures taken by shutterbugs in the US, which in the past has risen in both good times and bad, fell last year for the first time ever.

So far Kodak and Fuji have been remarkably lucky that electronic, filmless still cameras, which would hit their core businesses directly, have been plagued by quality problems and fuzzy pictures ever since Sony brought out the first model, called the Mavica, in 1982. But when Sony, Matsushita and other consumer-electronics companies succeed in sorting out the bugs, as they surely will, the still-film and paper business too could be torn in pieces.

So far, Kodak and Fuji have been lucky that electronic filmless still cameras have been plagued by quality problems and fuzzy pictures

Delaying the inevitable? Kodak and Fuji believe they have a way to stop that from happening. In partnership with Philips of Holland, Kodak is planning to sell next spring a hybrid system which employs both CDs and film and photographic paper. Fuji plans to launch a compatible system next autumn. Under both systems, photographers will continue to use 35 mm film and to take it to a photofinisher to have it developed and printed. But they will also be offered the choice, for about $20 extra, of having up to 100 images put on to a CD.

The disc will be easy to store and will slot into a disc player made by Philips capable of displaying the pictures on a television or computer screen. Customers will be able to manipulate the image electronically, perhaps zooming in on a child's smile or a bikini-clad sunbather in a beach shot. The disc player will also play music CDs and is expected to sell for $400-500 in the US. But printing the pictures from the screen at home will cost too much, and produce prints of too poor a quality, for most consumers. So Kodak and Fuji hope that people will still go to photofinishers for prints of their screen images.

In an effort to get their hybrid system accepted before all-electronic alternatives win over consumers, Kodak and Philips will license their technology to all comers. This defensive strategy will not work for ever. All-electronic still photography is already attracting interest from property companies, magazine publishers and other professional users. It seems likely to prevail eventually over Kodak and Fuji's hybrid system in the huge amateur photography market as well. The two firms, though, hope to delay that victory by another decade. Such a delay could be worth billions. — *The Economist.*



NEWS BRIEFS

■ **Ford's** losses in the UK this year will be "far worse" than last year's £247 million, which was the first pretax loss for 20 years. The company revealed this when union leaders sought a pay hike of at least 7%, reduced working hours and improved job security. The losses are due to the company's shrinking share in the market, which is suffering one of its sharpest downturns in history.

■ **Rank Xerox**, the document products company based in the UK, has unveiled a £165 million investment programme for research, development and manufacturing in Europe over the next 3 years. The move reflects a desire to widen the company's product range and increase sourcing of materials within the European Community.

■ Italian industrial group **Fiat** is all set to make its presence felt in Poland. It is going ahead with the purchase of a 51% stake in its long-standing Polish associate FSM (Fabryka Samochodow Malolitrazowych) in the first stage of privatisation of Poland's automotive industry.

■ **Siemens** has signed 2 new joint venture agreements to produce telecommunications equipment in the Russian republic. The 2 ventures are in addition to a partnership to produce digital exchanges in the Ukrainian city of Kiev.

■ **Maxwell Communication Corp** has sold its US directories business, part of Maxwell Macmillan in the US, to publishing company Reed International for $145 million.

■ **Hongkong & Shanghai Banking Corp** and various subsidiaries have been placed under review for possible downgrading by US credit rating agency Moody's Investors Service. The review threatens the bank's top quality short-term rating which was first assigned in 1987.

■ **Fried Krupp GmbH** has confirmed that it had amassed a 24.9% stake in Hoesch AG and that it intends to acquire a majority stake in the rival steel maker. Essen (Germany)-based Krupp claimed that this wasn't a prelude to a takeover, but a friendly manoeuvre to keep foreign suitors away from Hoesch.

■ Narciso de Mir is to succeed Javier Vega de Seoane as chairman of **Ercros SA**, the big Spanish chemical company indirectly controlled by the Kuwait Investment Office. De Mir, who has been vice-chairman for the past 3 years, was named to the post after Vega de Seoane tendered his resignation for personal reasons.

■ **South Korea** is considering forcing the owners of the country's powerful business conglomerates, or *chaebol*, to reduce their stock holdings to dilute growing private concentration of economic power, according to the *Asian Wall Street Journal*.



A DAEWOO PIANO UNIT: *No music for their ears*

■ **Hawker Siddeley Group** says it plans to sell as much as half its assets in a drive to defend itself against a £1.45 billion takeover bid from **BTR** plc. According to the *Asian Wall Street Journal*, Hawker Siddeley may have difficulty putting its divestment programme into effect in Britain's current recessionary climate.

■ Japanese consumer electronics company **Sony** has warned that it might cut up to ¥135 billion, or 30%, from next year's capital spending budget in response to sluggish sales and difficult financial conditions in the home market. If Sony makes the cuts, it will join a growing list of leading Japanese companies, such as Nikon and Hitachi, forced to slash their spending plans.

■ South Korean car manufacturers have seen sales in the US, their biggest export market, fall by more than 20% this year, according to a report by the Korea Automobile Manufacturers Association (**Kama**). However, the sharp decline in the US has been compensated by increased exports to new markets, in particular southeast Asia, Europe and west Asia.

■ American Telephone & Telegraph (**AT&T**) is to cut about 14,000 jobs — about 4% of its workforce — over the next 27 months as part of a major restructuring.

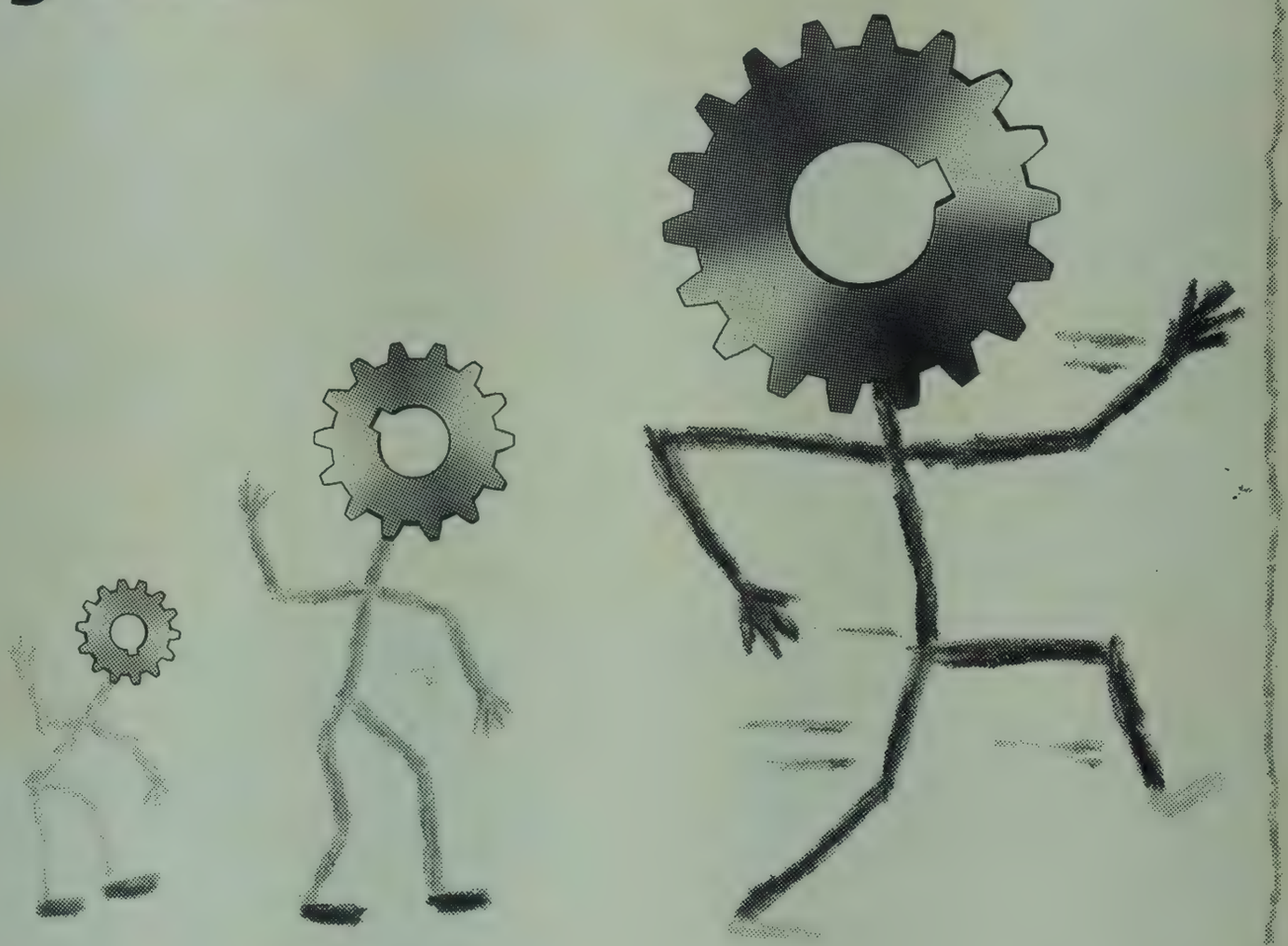
■ **Lauda Air**, the Austrian airline owned by former motor racing champion Niki Lauda, has ordered 4 Boeing 777 wide-body aircraft worth $560 million despite a traumatic year which included a crash of one of the airline's Boeing 767s, the collapse of Air Europe, Lauda Air's UK partner, and the general slump in air travel.

Lauda says his airline has weathered the difficulties and is expected to report an operating loss of under $3 million this year.

■ Nippon Telegraph & Telephone Corp (**NTT**) is rapidly losing a sizable portion of its telecommunications business to rival carriers, but the giant telecom company can't do much to stop the onslaught, according to NTT president Masahi Kojima.

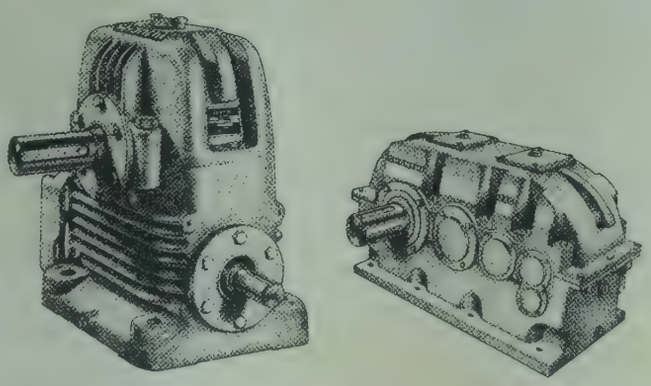
■ **Kolbenschmidt**, the motor components subsidiary of Metallgesellschaft, is talking with Kleinworth Benson about the possible sale of a 49% stake in an aluminium foundry to the London-based merchant bank, says the *Financial Times*. It will use the proceeds to help finance a DM200 million facility for producing lighter car parts.

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THE OVERSEAS LURE

WALTER E. VIEIRA

At some time or the other, many executives in India think about moving abroad in search of better financial rewards or greater job satisfaction. Some want to emigrate and never return to India while others seek just an assignment abroad, build a small fortune and then return, either to a job or to retire. A third and more cautious group prefers to look for "transfers" to other countries through the multinational chain system.

It is, however, important to remember that every decision has its advantages and disadvantages. And while there will be more money, a higher standard of living, more material comforts, no inconvenience with the smaller things in life (telephone connection, excess billing, power failure, butter shortage, sardine-packed suburban trains and garbage mounds) there will be a lack of total acceptance, close family ties and close friendships. And there will be a different scale of social values.

Like in many things in life, there is no right and wrong here except with absolute and unchangeable values. Each one has his own reasons to emigrate and the prudent executive will give the matter a lot of thought before he takes such an important step.

In the first category of those who want to emigrate and never return to India are the young Indian Institute of Technology and medical graduates who try to cross every hurdle and make their way to the US to build a career, a small fortune (by Indian standards) and buy a better standard of living (2 cars and holidays abroad). They go at an age when they are flexible and can adapt. Hence, they soon learn to fend for themselves, prepare their own meals and wash up, clean the house on weekends and attend to all minor and sometimes major repairs. They will not have such a problem fitting in, will be more easily accepted and will soon reach a stage when they will feel greater strangers on their return to the homeland than in the country they have adopted.

■ Ramesh was a soil technologist who returned to India with a PhD and an American wife. After trying, without any success, to get an assignment where he could use his speciality, he finally took a job as an administration manager which did not give much satisfaction. Nor was his wife happy — she was finding it difficult to adjust to Madras. So after 4 years, Ramesh decided to go back to the US where he could do what he was trained to do; where he would earn a better living; and where his wife would feel more comfortable. He may return to India sometime — but only on a holiday!

■ Suresh and Alka went to the US soon after they were married. They were disillusioned in India because both were in academia — and academia paid relatively little. In the US, they were paid much more and could find much greater professional satisfaction. But on retirement, some 28 years later, they decided to return to India. They reckoned that since they had saved enough for their old age they could live more economically in their native land while being close to relatives and friends in the evening of their lives. However, things did not work out exactly as planned. They returned and bought an apartment in Hyderabad only to find that many of their relatives had dispersed to other parts of the country. It was the same with most of their old friends. The few who remained, besides having little in common with them, had their own friendships rooted in 30 years of continuous association!

■ Sunil, an Indian Institute of Management MBA, worked in a large Indian corporation as product manager for 5 years, when opportunity beckoned from Oman. He decided to take it for it would enable him to save enough to buy a flat in south Bombay, a possibility very remote even if he stayed with his present company till retirement. Back on a holiday after 3 years, he found that since property prices had risen, he needed to save more. Hence, he was forced to return to Oman. This recurred twice and he finally bought a flat at Andheri in north Bombay. Having achieved his goal, Sunil today continues to work in Oman. This time to maintain his high living standards.



■ Pravin had worked in Dubai for one of the largest trading houses for 15 years. At 45 he decided he had had enough and thought about taking up an assignment in India. He came back and tried; but just could not make it. His experience in a trading firm was not exactly relevant to Indian companies. He was not prepared to start at a relatively junior assignment; yet he was not on a par with the other candidates for jobs at the level he wished to start at and, after 15 years in Dubai, his salary expectations were totally out of line with what he could draw in India. Pravin was a disappointed man. He seemed to have lost out both in Dubai and in India.

■ Raj wanted to emigrate but lacked the courage to venture into the unknown alone. He was already the marketing manager of a large multinational in India but he wanted to go on his own terms to a place where a job would be ready and waiting for him. And the easiest way to do it would be through the company. He tried his best to achieve his goal, finally succeeding when he was appointed marketing director in Manila.

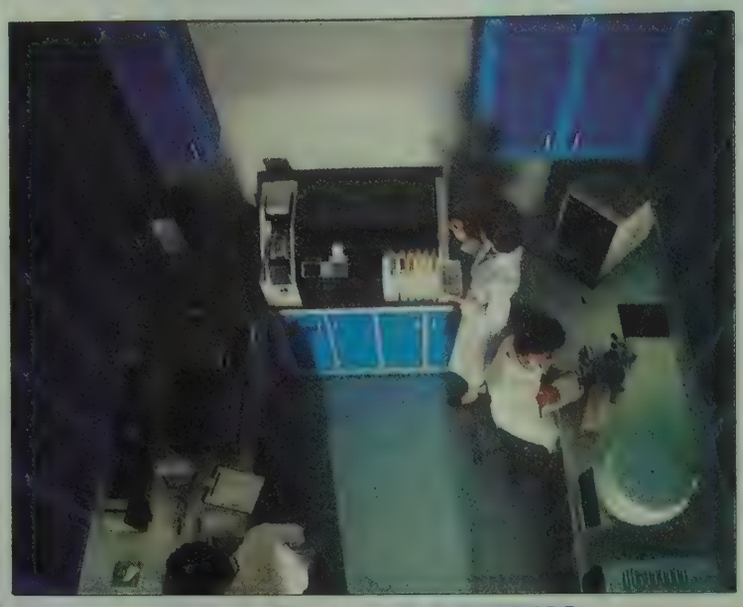
Thus each executive works out his own emigration plans. And as executives with Raj's luck are very rare, the rest of us have to realise that we cannot eat the cake and store it in the fridge for the day after tomorrow.

• *The author is a Bombay-based management consultant.*

Most executives prefer to look at the brighter side of life abroad. But there are several pitfalls which they cannot afford to ignore



PICK OF THE JOBS



VICE-PRESIDENT — MARKETING

Organisation: A rapidly expanding Indian group in the area of information technology and now making its mark globally in software development and exports.
Requirements: Preferably an engineer with an MBA; around 35 years; 10 years' hard-core exposure in marketing and sales of office automation products; excellent communication, interpersonal and team-building skills.
Other details: Will be based at Bombay; will head the software marketing and sales unit.
Remuneration: No constraints.
Enquiries to: The Concept, 67 White Hall, 143 August Kranti Marg, Bombay 400 036. Tel: 8224422/23.

VICE-PRESIDENT — FINANCE

Organisation: Same as above.
Requirements: A CA or MBA (finance); between 32 and 37 years; 10 years' relevant experience, of which the last 3 should have been as head of finance in a reputed company.
Other details: Will be based at Bombay; will head the finance and secretarial functions and report to the executive director.
Remuneration: Negotiable.
Enquiries to: The Concept.

MANAGING DIRECTOR

Organisation: A Rs 30 crore pharmaceutical multinational company renowned for research products.
Requirements: A top-notch pharmaceutical industry professional; between 40 and 50 years; strong business and commercial orientation; should have worked in a senior management level.
Other details: Will be based at Bangalore; will provide leadership and direction to the company's activities; will conceptualise strategic growth and oversee implementation of business plans and will play a major role in enhancing the company's presence in the marketplace.
Remuneration: Very attractive; perks; house, car.
Enquiries to: Personnel Search Services, 71-A, 7th floor Mittal Chambers, Nariman Point, Bombay 400 021. Tel: 2027859/0790, 2874164.

VICE-PRESIDENT (MARKETING & SALES)

Organisation: A leading high-growth professional group manufacturing a wide range of well-established consumer products brands.
Requirements: A management graduate; around 40 years; wide experience in sales and marketing in the consumer products industry.
Other details: Will be based at Bombay and report to the chief executive.
Remuneration: Very attractive; house, car.
Enquiries to: Personnel Search Services.

GENERAL MANAGER — MARKETING

Organisation: A Rs 20 crore company manufacturing oleochemicals, fatty acids, amines and perfumery products.
Requirements: A chemical/polymer technologist with an MBA from a leading institute; around 35 years; minimum 10 years' experience in marketing of industrial speciality chemicals.
Other details: Will be based at Bombay; should preferably have some pre-MBA experience in R&D/technical support functions; should possess general management and multi-functional orientation.
Remuneration: Rs 3 lakh per annum; car.
Enquiries to: Personnel Search Services.

MANAGING DIRECTOR

Organisation: The agro division of a Rs 1,00 crore group.
Requirements: A BSc in agriculture; betwee 45 and 52 years; 10-12 years' experience in senior capacity in the agrochemical (pesticides) industry.
Other details: Will be based at Bombay; should be strong in marketing, production and finance.
Remuneration: Very attractive; house, car.
Enquiries to: Career Placement Services, PB No 8148, Bandra (east), Bombay 400 051.

VICE-PRESIDENT — PERSONNEL

Organisation: Same as above.
Requirements: A post-graduate in personnel management from a recognised institute; between 45 and 50 years; 12-15 years' experience in HRD, IR and other personnel functions in a reputed company, out of which at least 10 should have been in a senior capacity.
Other details: Will be based at Bombay.
Remuneration: No constraints; house, car.
Enquiries to: Career Placement Services.

AD & PR MANAGER

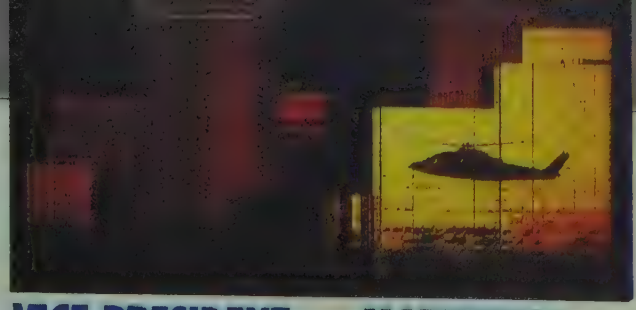
Organisation: A company manufacturing and marketing bulk drugs and formulations.
Requirements: A graduate with post-graduate qualifications in advertising and public relations; around 40 years; experience in an industry involving implementation and administration of various advertisement/promotional programmes; designing house journals and building a corporate image through press conferences and press releases.
Other details: Will be based at Bombay.
Remuneration: Around Rs 2 lakh per annum; house.
Enquiries to: Beam Services, 1 Colaba Chambers, Wodehouse Road, Colaba, Bombay 400 005. Tel: 4950122/1123,24.

VICE-PRESIDENT — MANUFACTURING

Organisation: A Rs 125 crore group.
Requirements: A BE (mechanical/electrical); preferably an MBA; between 40 and 45 years; minimum 20 years' experience; should have leadership qualities and experience in planning and procurement of raw materials.
Other details: Will be based at Bombay; will be responsible for manufacturing operations, modernising the company's plants, material planning and procurement, selection of machinery and maintaining a high level of productivity.
Remuneration: Around Rs 3.5 lakh per annum; house, car.
Enquiries to: Boyden International, 616 Maker Chambers V, Nariman Point, Bombay 400 021. Tel: 233905, 240377.

DIV MANAGER — INTERNAL AUDIT

Organisation: Same as above.
Requirements: An engineer, preferably an MBA or CA; between 30 and 35 years; 7-10 years' experience; some experience in construction audit and be willing to travel 4 days a month.
Other details: Will be based at Bombay and report to the vice-president (finance/accounts).
Remuneration: Around Rs 1.6 lakh per annum.
Enquiries to: Boyden International.



VICE-PRESIDENT — MARKETING

Organisation: A large group.
Requirements: An engineer/MBA; around 45 years; sound exposure to hitech products.
Other details: Will be based at Bombay and can look forward to taking over as president within a year.
Remuneration: Around 2.5 lakh per annum.
Enquiries to: Personnel Resources, 145 Famous Cine Lab Building, Dr E Moses Road, Mahalaxmi, Bombay 400 011. Tel: 4934015.

VICE-PRESIDENT — MARKETING

Organisation: A leading company in the service industry.
Requirements: An MBA; around 40 years; excellent conceptual skills and a thorough grounding in advertising and other marketing areas.
Other details: Will be based at Bombay.
Remuneration: Around Rs 2.5 lakh per annum.
Enquiries to: Personnel Resources.

OVERSEAS POSITIONS

SENIOR ARCHITECT

Organisation: An Oman-based construction company.
Requirements: A GD Arch/B Arch; minimum 10 years' experience in designing and detailing of diversified types of buildings; capable of writing specifications, administering contracts and supervising from the design office during the execution period; preferably with experience in west Asia.
Other details: Will be based at Oman.
Remuneration: Negotiable between Rs 30,000 and Rs 40,000 per month; family accommodation.
Enquiries to: Beam Services.

BANKING/FINANCE PROFESSIONALS

Organisation: A major bank at Oman.
Requirements: MBAs and CAs; between 35 and 45 years.
Other details: Will be based at Oman and be exposed to merchant banking/forex/corporate banking/financial control.
Remuneration: Very attractive.
Enquiries to: Personnel Resources.

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PRESIDENT

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....Then you are the person to become the President of our plant at Raipur. We are Modi Cement Ltd., one of the better known names in the Cement Industry. Our plant is among the most modern million tonne Cement Plants in the country. Hi-tech modern technology adapted to Indian needs and a team of dedicated and committed professionals have contributed in creating one of the finest organisations in the field.

The company is on the path of fast recovery and the current capacity utilisation is in excess of 100%. On the anvil is a capacity enhancement to 2.4 Million tonnes (the implementation of which is already much underway), besides two new greenfield million tonne projects. The Company turnover for the last year was Rs. 167 Crores. The works are located near Raipur and has a self contained modern township with all ammenities including housing, Club, Shopping Centre, CBSE recognised school etc.

But more than all this, what has changed at Modi Cement is how we look at ourselves in the near future — In a position of clear cut leadership. In fact we would like to position Modi Cement as the benchmark for the industry.

And we need a President to run our works near Raipur (MP) to lead us into our tomorrow. Who will enjoy every freedom to work at achieving the goal.

The President would be a Techno-commercial Professional in the age group of 45-52 years with a proven track record. He should have a rich and varied experience in a similar senior position, with an uncanny knack of forging, guiding and leading a winning team of professionals and to deliver even in the most adverse situation.

The compensation package shall be amongst the best in the industry.

Please apply in strict confidence to Dr. Devendra K. Modi, Chairman, Management Committee and Managing Director, Modi Cement House, 32, Community Centre, New Friends Colony, New Delhi, within two weeks. All applications shall be kept in strict confidence.

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BOND OF STRENGTH

MODI CEMENT LIMITED

A THRUST INTO TRACTORS

Larsen & Toubro Limited has strong technology capabilities and management expertise developed over five decades in the earthmoving, construction and agriculture equipment sectors. Soon L&T will manufacture a range of sophisticated tractors designed to boost farm productivity to unprecedented levels.

In addition to farm tractors, the new project being set up under its Group I also envisages introduction of agricultural equipment. A modern manufacturing facility will be set up in Nasik, in Western Maharashtra. Nasik has both an excellent industrial infrastructure as well as a salubrious climate.

A core project team is being set up to execute this prestigious project. L&T is looking for dynamic and talented professionals in key functional areas to execute the project and take up senior managerial positions to run this business successfully and attain leadership position.

SENIOR MANAGERIAL POSITIONS

ENGINEERING

Job includes product planning, process/manufacturing engineering, techno-commercial evaluation of machine tools and production facilities to achieve efficient manufacturing processes as per international quality norms.

Work will initially involve finalising manufacturing strategy in different production areas, finalisation of machine tools, production equipment and plant utilities, shop/office lay-outs and establishing engineering/ productivity standards in each area. Simultaneously, all engineering functions will be developed to provide on-going support to manufacturing, marketing and after-sales service.

Absorption/adoption of new technologies and training of shop/vendor personnel will remain in prime focus.

Qualifications: Degree in Mechanical/Production Engineering and post graduate qualification in Production Technology.

Experience: 20 years in manufacturing engineering, R&D, product design, quality control and related engineering fields in tractor/automotive industry at senior department head level. Complete familiarity with mass manufacturing techniques, use of CNC equipment, design of conveyorised/automated assembly and material handling systems essential. Direct exposure to manufacture of diesel engines, gear boxes, transmissions and press components, an advantage. Ref. No. CPD/280.

PLANT ENGINEERING

Scope covers preparation of master plans of estate development to set up large manufacturing operations at the plant location. This involves construction of several factory buildings, production and engineering offices and other factory services, utilities as well as administrative offices and coordination with production/ engineering departments for installation/commissioning of machine tools and other production facilities. Subsequently, job responsibility will cover all aspects of plant engineering, estate maintenance and related factory services.

Qualifications: Degree in Mechanical/Civil Engineering.

Experience: 20 years in plant engineering function of a large manufacturing complex. Ability to effectively coordinate various activities and maintain efficient infrastructure at the works level essential. Experience in working on green-field projects involving facilities planning and execution as well as coordination with consultants, structural engineers, architects and other statutory government bodies essential. Ref. No. CPD/281.

MANUFACTURING

Job includes detailed planning of production facilities, selection of equipment and training of plant personnel, establishing production planning/scheduling systems and interacting with project implementation team in finalising plant lay-outs, equipment selection, erection and commissioning of facilities to meet project targets.

After trial/series production, successful candidate will assume over-all management of manufacturing functions to achieve budgeted factory output and quality/cost standards as well as training and development of subordinate staff to achieve cost effective manufacturing.

Qualifications: Degree in Mechanical/Industrial Engineering.

Experience: 20 years in manufacturing functions with exposure to all key functions in production management, plant engineering, production planning and industrial relations. Persons with experience in start-up and commissioning of production facilities in mass production of tractor/automotive units preferred. Exposure to high quality gear manufacturing, an advantage. Demonstrated ability in providing leadership and motivation to the employees essential. Ref. No. CPD/282.

MATERIALS MANAGEMENT

Job includes comprehensive responsibility to develop materials function for the new business. Heavy reliance on vendors/ancillary development is envisaged. Therefore, development of competitive supplier base on all-India basis and creating a dynamic ancillary/vendor support organisation will be a prime objective. Introduction of innovative material management techniques including long term commitment with suppliers by providing technical as well as financial support will be another important aspect. In addition, successful candidate will be expected to introduce the latest inventory management techniques, J.I.T. systems and computerised materials management methods.

In scope and structure, this will be a challenging assignment, with great potential to contribute to profitable operations.

Qualifications: Degree in Mechanical/Production Engineering and post-graduate qualifications in Business/Materials Management.

Experience: 20 years in materials function at a senior level in tractor/automotive industry with high level of expertise in ancillary development, computerised systems, logistics and inventory management. Exposure to techno-commercial negotiations, import/export formalities, quality assurance techniques essential. Ref. No. CPD/283.

FOR ALL POSTS

L&T offers an attractive remuneration package matching the best in the industry. Perquisites include provident fund, gratuity, medical and leave travel assistance, and company accommodation at Nasik.

Apply within 10 days, stating age, details of qualifications, experience, salary drawn and expected, quoting Ref. No. indicated against post ON APPLICATION AND ENVELOPE to Deputy General Manager (PERSONNEL), Central Personnel Department:

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Powai Works, Post Box 8901, Bombay 400 072

L&T/ADV Dept

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QUARRY SUPERINTENDENT–BANGALORE

The candidate will be fully responsible for efficient and cost efficient operations of the quarries under his charge. The job will entail efficient use of sophisticated and high technology quarrying/ material handling equipment, development and execution of quarrying plan besides liason with government/statutory authorities and compliance with safety and legal regulations. He must be able to motivate and lead a professionally competent team.

The candidate should possess a degree in mining engineering and first class mines managers certificate with about 10 years experience in the line especially in open cast mines. He should have worked as a quarry master for atleast 2/3 years preferably in a granite quarry. Experience in opening up a new quarry involving high degree of mechanised operation would be a distinct advantage.

Preferredage - below 40 years.

QUARRY MASTERS–SITE

The incumbent will be independently responsible for supervision and efficient operation and output from quarries under his control. He should be capable of executing a quarrying plan. The candidate shouldbe good at man management with exposure to maintenance of sophisticated quarrying material handling equipments.

Theideal candidate would be a begree or diploma holder in mining engineering and first/second calss mines managers certificate with 5/7 years experience in case of degree holder and 8/10 years in case of diploma holder in quarrying preferably in open cast mines. The candidates with experience in granite quarrying would be prefered.

Preferred age - below 35 years

MECHANICAL ENGINEERS–SITE

The candidate will be responsible for maintenance of sophisticated and high technology quarrying/ material handling equipments and supervision of quarrying operations he should be capable of leading a team of skilled technicians and quarry personnel.

The candidate should posess a diploma in mechanical engineering with 8/10 years experience in maintenance of sophisticated and heavy mining/material handling equipments. He should have worked as an assistant mechanical engineer for at least 2/3 years in a fully mechanised quarry preferably a granite quarry.

Preferred age - below 40 years

THE SITES–ARE LOCATED IN SOUTH INDIA

The remuneration package is dësigned to attract the best talent in the industry and shall not be a constraint for the right candidate. Those who are seeking job challenge and career advancement in a professional work environment will find our offer matching their expectations.

Interested candidates may apply within 15 days with full particulars of age, education, past experience, current position and responsibility, emoluments drawn etc. to

Genernal Manager Human Resources
FIRST STONEX LIMITED
503-504 Siddharth, 96 Nehru Place, New Delhi-110019 India.

G.P. Singh & Associates

Materials Consultancy, Technical Services, Education & Training

- Overseas Inspection Services
- Quality Control & Management Programmes
- Solving Metallurgical related problems
- Experts in Indian-Overseas joint ventures
- International Sourcing: Machines, Raw Materials etc
- Representatives on Retainer basis
- Foreign Collaborations/Agreements

- South East Asia Representative for ASM International, USA for education and training

Experienced speakers and seminar leaders interested in conducting seminars and courses for ASM International in Materials in South East Asia, should contact with Resume.

G.P. Singh, B.Sc. Eng., M.S.(Met) USA, MIM C.Eng. (UK)

G.P. Singh & Associates
Block 33, Mount Sinai Rise
#02-07 Marbella Court
Singapore 1027
Tel: 466-8614/ 861-4266
Fax : 469-4404/ 861-1012

REPRESENTATIVES IN INDIA
UNITELL INDIA
B-178 Sarita Vihar
Mathura Road
New Delhi - 110044
Tel: 6843302 — Tlx: 31-75216 SARN IN
Fax: 6816507, 6843302

Employment Notification No. 12/91

GENERAL MANAGER
(MARKETING)

Visakhapatnam Steel Plant a 3.0 Million Tonne Integrated Steel Plant having started its Operations recently requires GENERAL MANAGER (MARKETING) to head its Marketing Division with a country-wide network of Branches and Stock Yards.

PAY SCALE & OTHER BENEFITS:

Rs. 7250-200-8250 (E-8). Besides basic pay, the post carries Industrial Dearness Allowance and benefits like Company House/HRA, free medical treatment for self and family, CPF, Gratuity, reimbursement of Local Travel Expenses, Leave Travel Concession, Leave Encashment, Canteen subsidy, etc.

QUALIFICATIONS & EXPERIENCE:

The candidate should possess a degree, preferably in Engineering, from any recognised University. He should have around 20 years' experience in Marketing and Commercial functions in a large organisation, of which atleast 5 years should be in a senior managerial position.

We are looking for a dynamic person with proven record for achieving results. He should have useful experience in Market Survey, Forecasting, Market Development, After Sales Technical Service and in the use of computers in Marketing. Knowledge of Export and Import procedures, exposure to Production Planning and to contracts/contracting/tendering will be an advantage. The incumbent is expected to organize marketing at all India level and to lead and motivate a team of young Marketing Managers and Executives working in the Company's Marketing offices all over the country.

Candidates called for interview will be paid First Class to and fro railway fare by the shortest route.

Applications with complete bio-data and details of qualifications, experience, etc. may be sent to **Manager (Personnel), Executive Recruitment, Personnel Department, Admn. Building, 'B' Block, Visakhapatnam Steel Plant, Visakhapatnam-530031** within 15 days of the publication of this notification.

Rashtriya Ispat Nigam Limited

VISAKHAPATNAM STEEL PLANT

ABC's major specialisations include Corporate Consultancy

ADVISOR

BOMBAY **ATTRACTIVE TERMS**

We have been retained by a large, professionally managed, highly progressive **Industrial Group** having diversified business interests in Textiles, Fertilisers, Cement, Caustic Soda, PVC Resin etc., with a current turnover exceeding Rs. 350 crores to assist in selection of a Senior Professional for their **Liaison** work at Bombay.

The incumbent will be required to **interface with various Financial Institutions & Banks** for expeditious processing of various applications and various on-going projects related work. Should be well versed with Financial Institutions/Banking Norms & Procedures.

We are looking for a seasoned professional, preferably a **retired officer of a Public Financial Institution or Bank** having established contacts, an out-going personality and the drive to achieve results and get things done.

Emoluments and other terms will be commensurate with the requirements of the job & related experience of the individual. Please write in strict confidence to **D. Bhargava, General Manager,** within 15 days enclosing detailed bio-data with contact phone number quoting job title and code: SPL/DEL/1244

ABC CONSULTANTS PRIVATE LIMITED

209 Meghdoot, 94 Nehru Place, New Delhi-110019

New Project Development • Techno Economic Feasibility Study • SWOT Analysis • Organisational Restructuring • MIS

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

ABC's major specialisations include Corporate Consultancy

New Project Development • Techno Economic Feasibility Study

SWOT Analysis • Organisational Restructuring • MIS

CHIEF EXECUTIVE

TEA EXPORT HOUSE

Calcutta

Rs 3 Lakhs + Perks

We have been retained by a **dynamic, fast expanding, very large Industrial Group** with combined sales turnover of more than Rs 5000 Crores to select a CEO for their proposed Merchant Export House specialising in tea trading.

This is a brand new venture for the group and the incumbent will have **to initiate & start from the scratch.** He must therefore be an outstanding export professional with thorough knowledge of international markets, desire to go globe—trotting, ability to develop reliable sources of supply, capacity to form & manage a dynamic team and sound commercial acumen to achieve targetted volumes & profits. Ideal candidate would be postgraduate from IIFT/IIM with about 15 years relevant experience, out of which at least 5 years must have been in tea export in a responsible managerial position in **reputed export/trading houses.** Knowledge of third party exports & counter—trade will be essential.

Our clients are highly ambitious and looking for a **top performer** with proven track record. They will be willing to negotiate a competitive & handsome remuneration package. Please write to **B P Agrawal, Chairman** with detailed biodata & contact telephone numbers. All correspondence must be made through courier/speed post and envelope & enclosures marked with job title & code TEH/BPA/3103.

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700019, PBX 753688/89

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

MARKETING MANAGER

We have vacancy for the position of Marketing Manager for our marketing division for West Bengal, located at Calcutta. The products marketed are 'USHA' sewing machines, fans, fuel injection equipment, diesel engines, consumer durables etc.

The Marketing Manager will have overall integrated responsibility of the division, as an independent profit centre. This will cover achievement of sales/profit targets, and increase of market share for each of the products. The responsibility includes the management of company sewing schools/company shops.

Candidates should have about 7 years experience in a senior management position in the marketing of related products.

The Marketing manager would preferably be in the 35-45 years age group, and attuned to modern marketing techniques in a highly competitive market.

Local residential arrangement will be desirable.

The gross emoluments will be around Rs. 2.0 lacs per annum plus a commission on profits.

Please apply within 10 days with complete bio-data in an envelope marked P-91/24 to : The Jay Engineering Works Ltd., Post Box No. 692, New Delhi-110 001.

JAY ENGINEERING

BSIL Bihar Sponge Iron Ltd.

REQUIRES

GENERAL MANAGER STEEL PROJECT

The Company

Bihar Sponge Iron Limited is a joint venture, promoted by Modi Group & BSIDC in technical and financial collaboration with Lurgi AG the world's largest process engineering company, DEG (German Development Bank), and with IFC Washington, also having equity participation in the company. A pioneer in the sponge iron industry, BSIL has embarked on an ambitious forward integration project to manufacture high quality steel using state of the art technology. The company is entering into agreements with world's leading companies for melting/casting/rolling mill technology and equipment for the project.

The requirement

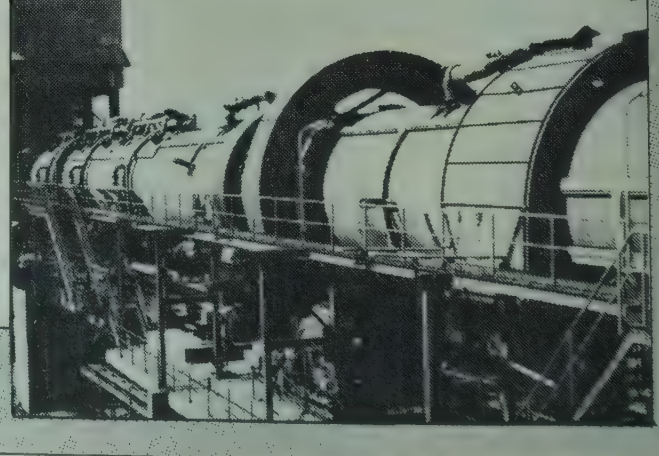
Reporting to the Managing Director, the position will be currently based at the Head Office in Delhi. The incumbent will be responsible for the development and implementation of the project which will involve an investment of over Rs 1000 crores. Candidate must be qualified, mechanical/metallurgical engineer with atleast 10 years experience in operation/modernisation of a large integrated steel plant. MBA degree would be an added advantage.

Preferred age around 40/45 years.

The company offers professionally challenging and stimulating work environment and rewarding career prospects. Remuneration will not be a constraint for the right candidate and will be comparable to the best in the industry.

Please apply in confidence to:

Managing Director
Bihar Sponge Iron Ltd.
1400 Hemkunt Tower
98, Nehru Place
New Delhi-110019.



THE HARE AND THE TORTOISE

(A Contrary Polar Fable For Future Product Managers On The Fast Track)

Once upon a time there were two bright MBA's who graduated from their institute. Both were bright, brilliant and equally employable. Then they were recruited. One joined a large multinational. The other joined a young, dynamic, Indian organisation. And their futures became totally different.

THE TORTOISE
Basked in the reflected glory of his company. Reported to about 4 levels. Operated within his section on routine promotion work. Was limited by a strictly defined salary structure.

THE HARE
Created a solid niche for himself in the company. Took on additional challenges and added value to his assignment. Was able to assess his contribution level and gained in confidence. Was encouraged to use his initiative. Interacted directly with the top. And was rewarded according to merit.

MORAL : Even as a Product Executive you'd have a better future being a hare.
If you have 3 or 4 years' experience in advertising or product management, and if you're looking for a challenging environment, then come and grow with Polar.

In a decade, Polar has become one of the leaders in the fan market. A company on the fast track, with a 100 crore turnover and a reputation for dynamism and uncoventionality.

The positions are being created to take up challenging marketing activities in newer allied lines of electrical consumer durables.

The positions are for our branches in the state capitals.
Write in with your bio-data and preferred placement to :
The President,
Polar International Ltd.
113 Park Street, Calcutta 700 016

LINTAS (CAL)/PIL/RECR

POLAR
the SUPER fan

THE RELIANCE GROUP OF COMPANIES

The Reliance Group, a phenomenon in the corporate world, is now embarking into the area of electronics and will soon float

RELIANCE TECHNOLOGIES LTD.

Located at Ahmedabad/Gandhinagar, the company with a large capital outlay will concentrate on computer software and hardware in collaboration with well known international giants in their respective fields.

In keeping with its reputation, Reliance is likely to implement its plans between 1992 and 1993 and will soon become an industry leader **with a major thrust on exports.** We are on the IMMEDIATE lookout for dynamic professionals who can ride on this exciting opportunity.

PRESIDENT

[Ref. No. RTL-1/91]

Essentially he will be an exemplary leader who can inspire and motivate the senior management team and will be singularly responsible to the Board of Directors for the entire project, from its conception to implementation and efficient profitable operation, thereafter.

Applicants, therefore, should be in the age group of 45-50 with substantial reckoning in the industry and should have a track record of setting up and running an efficient, technology-driven company.

Besides providing technical leadership he will need to demonstrate strong business acumen and skills to co-ordinate all functional areas including Projects, Production, Marketing, Personnel & Administration, Finance & Accounts, etc.

VICE PRESIDENT - PROJECTS

[Ref. No. RTL-2/91]

Reporting to the President, he will head the pre-implementation project team.

Immediate tasks will include, zeroing in on new business opportunities, identification and feasibility study of products, locating and negotiating with the licensers, seeking necessary clearances, concluding basic and detailed engineering procurement, etc.

Subsequently he will be responsible for the implementation of the project including site selection, erection and commissioning and handing over to operations.

Applicants should be in the age group of 35-45 with befitting qualifications and a proven track record of having set up an electronics project in the recent past.

VICE PRESIDENT - MARKETING

[Ref. No. RTL-3/91]

Operating as a member of the core group from the initial stages,he will play a vital role in the selection of the product range and in conceptualising its marketing strategies and plans.

Thereafter, he will be responsible for setting up the complete infrastructure for both domestic and export marketing and shall be personally responsible for delivering the targeted results. Candidates with export experience will be given preference.

Applicants should be in the age group of 35-45 and should necessarily be handling a similar function in the industry and must possess substantial insight into the techno-commercial aspects of global marketing of high-technology products and services.

VICE PRESIDENT - FINANCE

[Ref. No. RTL-4/91]

Reporting to the President, he will head the finance and accounts team.

Immediate tasks will include setting up of accounting and management information systems, maintenance of statutory records, day-to-day liaison with banks, effective management of financial resources, etc.

Applicants should be in the age group of 35-45 and should be Chartered Accountants, with sharp analytical ability and excellent knowledge of financial controls.

The compensation package shall befit the individual's background, experience and track record, and will not be a limiting factor. Perquisites will match the high responsibilities attached to these jobs and the incumbent will enjoy all statutory and retiral benefits right from the beginning.

Please apply immediately, in strict confidence, quoting the relevant reference number, to :

Vimal R. Ambani
Reliance Industries Limited,
Naroda Industrial Estate,
AHMEDABAD 382 330.

Mudra A RIL 5950

EFFECTIVE INDUSTRIAL RELATIONS

ORGANISATIONAL EFFECTIVENESS

EMPLOYEE SELECTION SERVICES

A Progressive, Professionally Managed, Highly Profitable Organisation, Enjoying Product Brand Leadership Nationally and Internationally with substantial Expansion and Diversification Plans needs :

GENERAL MANAGER - MARKETING

Delhi

Rs. 1.50 Lacs per Annum+ Furnished Accommodation+ Perks

The successful candidate will preferably be a Mechanical Engineering Graduate and MBA, from a reputed Management Institute, having 15 years experience in a large Organisation, marketing volume based durables to Industries. We are looking for a Top Flight professional, a Business leader, capable of managing total marketing discipline on a national basis, with an ability to increase sales substantially, in a rapidly growing competitive market. Age around 40-45 years.

REGIONAL MANAGERS - MARKETING

Calcutta & Bombay

Rs. 1.00 Lac per Annum+ Furnished Accommodation + Perks

The successful candidates will preferably be Mechanical Engineering Graduates and MBA, from a reputed Management Institute, having 10 years experience in a large Organisation, marketing volume based durables to Industries. We are looking for young Marketing Professionals, enjoying outstanding presentation skills, with an aggressive attitude, capable of establishing contacts at Corporate levels. Age around 32-38 years.

Please apply within 10 days with a well-structured resume and coloured Passport size photograph (non-returnable) to :

R L Kapur, Director,
Management Consultancy Division
SKP Corporate Services (P) Limited
308, 'Shantiniketan', 8, Camac Street, Calcutta-700 017
Phone : 22 4287 Fax : 033 284896

Apt Ads 228/91

MANPOWER TRAINING & DEVELOPMENT

SESA GROUP

SESA GOA LIMITED

Sesa Goa is an Indian Company with 40% equity participation by ILVA SpA who are part of the public enterprise IRI (Istituto per la Ricotruzione Italiana). The Company has been engaged mainly in the mining of iron ore, and exports over Rs. 1000 crores of ore to hard currency areas. It has diversified into Shipbuilding and will shortly commission a project to manufacture Low Phosphorus foundry grade pig iron. A subsidiary company Sesa Seat Information Systems Ltd. is engaged in the area of Information Technology.

Encouraged by the success so far and the recent changes in Government's new Trade and Industrial policies, the Company has an ambitious plan for further growth and diversification for which it wishes to recruit the following Managers at a senior level.

1. Senior Manager – Corporate Development

The candidate should be 35-45 years old with either technical or finance qualifications but with previous experience of corporate planning and the evaluation of new projects in technical-commercial terms. Exposure to iron or steel related projects would be an added qualification.

2. Senior Manager – Engineering

The candidate should be 35-45 years old, technically qualified and with previous experience in one or more of the following areas:

Structural fabrication, design, development and manufacture of equipment, foundry (ferrous or bronze). Familiarity with shipbuilding would be an added asset.

3. Senior Manager – Trading

The candidate should be 35-45 years with previous experience in international trading. He should preferably be technically qualified with close knowledge of the Indian Market for Steel and Steel related products. Familiarity with the marketing and sales functions would be an added advantage.

The Positions will be located initially at Goa and the remuneration package is designed to attract a high calibre of talent.

Applications giving full details should reach within 10 days of this advertisement to:

General Manager-Personnel
Sesa Goa Limited Altinho, Panjim, Goa.

DAZZAL/TAG/391

Kusum

KUSUM PRODUCTS LTD

A Multiproduct and Multilocation Company manufacturing Vanaspati, Soaps and Detergents with ambitious diversification programme needs :—

VICE PRESIDENT
(MARKETING)

The incumbent will report to the Chief Executive. He will be responsible for formulating and implementing marketing plans and strategies for Companies Product in all markets particularly Eastern India, UP etc.

Candidate should preferably be a Graduate from a reputed University with MBA qualification from a leading Management Institute. Around fifteen years experience in Marketing Consumer Products in areas mentioned above is required.

Compensation is no constraints for the right candidate. Please apply in confidence to :

The Executive Director
KUSUM PRODUCTS LIMITED
9, Biplabi Trailokya Maharaj Sarani
Calcutta-700 001

Lookad

INDUSTRIAL MARKETING PROFESSIONALS

Our client, Orient General Industries Ltd, a company belonging to House of Birlas, is promoting a new venture for marketing **UNINTERRUPTED POWER SUPPLY** systems and needs outstanding marketing team for this venture. The current turnover of the Company is around Rs 100 crores.

REGIONAL MANAGERS

DELHI/CALCUTTA/ BANGALORE — **RS 80,000-100,000 PA (GROSS)**

The incumbents shall be reponsible for developing markets for company's products in their respective regions and achieving the sales targets through a team of Sales Engineers/Dealers. Leading a large team, appointing dealers, office administration and supplementing the efforts of sales team would be important aspects of the job. Candidates should be graduate engineers with at least 7-8 years' experience in selling capital equipments. A proven track record of sales in a competitive environment, good commercial and man-management skills are other essential requirements.

SALES ENGINEERS

Male/Female

DELHI/CALCUTTA/ BANGALORE/HYDERABAD/ MADRAS — **RS 40,000-50,000 PA (GROSS)**

They shall be responsible for identifying, prospecting, submitting offers and procurring orders from the industrial units in their respective territories. Candidates should be Electronics/Electrical engineers with 1-2 years' experience in marketing capital equipments. Requirements also exist in the office for coordination, preparation of proposals and other follow-up work where female candidates would be preferred.

CUSTOMER SUPPORT ENGRS

DELHI/CALCUTTA/ BANGALORE — **RS 40,000-50,000 PA (GROSS)**

They will be required to assist in installation, commissioning and after sales service to the clients. Should be Electrical/Electronics Engineers with 1-2 years' relevant experience.

Bright fresh engineers can also be considered for Trainee Sales/Support Engineer positions.

These are excellent opportunities to join a reputed industrial house with operations in India and abroad. **A HIGHER SALARY PACKAGE CAN BE CONSIDERED FOR OUTSTANDING CANDIDATES.** Please apply in strict confidence immediately marking the envelope and enclosures with the job title & code : 9146

PERSONNEL SELECTION DIVISION
MANTEC CONSULTANTS P LTD
(Management & Technical Services)
805 Vishal Bhawan, 95 Nehru Place
New Delhi-110 019, TEL: 6429294/5/6

Undertaking world wide assignments in association with MSL INTERNATIONAL, U.K.

STEWARTS AND LLOYDS OF INDIA LIMITED

A leading Indo-British venture active in the field of Pipework Engineering over the last four decades, and with operations being currently supported by The Tata Iron and Steel Co Ltd, require the following senior management personnel.

Each of the posts listed calls for excellence in leadership with the ability to direct, guide and motivate members of the team to meet essential result and profit oriented company objectives. The applicant should possess an engineering degree from a first class institution, mechanical engineers being preferred, with a minimum of 15 years relevant experience in a senior position.

The jobs are based at the Company's Headquarters at 41 Chowringhee Road, Calcutta, but would involve extensive travelling. The remuneration packages would be fully commensurate with the applicant's qualifications, experience and proven merit.

1. GENERAL MANAGER DESIGNATE (PRODUCTS)

To take over within a period of twelve months the responsibilities of the General Manager of the Company's Products Group, with independent group operational and profit responsibilities including design, marketing, procurement, production, finance and industrial relations, cash flow planning and collection of debts. He will have four Works under his control. He will work with the present Group Head, and in his substantive position will be responsible to the President, and through him to the Managing Director of the Company.

Preferred age: 38 - 45 years.

2. GENERAL MANAGER DESIGNATE (PROJECTS)

To take over within a period of twelve months the responsibilities of the General Manager of the Company's Project Group, with independent operational and profit responsibilities similar to the above, involving the marketing and execution of project orders of a turnkey nature, including the management and control of the Company's construction sites spread throughout the country. He will work with the present Group Head and in his substantive position will be responsible to the President and through him to the Managing Director of the Company.

Preferred age: 38 - 45 years.

3. ASSISTANT GENERAL MANAGER (PROJECT PLANNING IMPLEMENTATION)

The incumbent will be in-charge of the planning, monitoring and control of the execution of the Company's project orders, with the principle objectives of satisfying customer requirements on the one hand, and achieving the Company's budgeted profits on the other. This would include field management of site activities as and when involved. He will report to the General Manager (Projects) and through him to the President.

Preferred age: 35 - 40 years.

4. CHIEF MANAGER HRD & PERSONNEL

The incumbent will take charge of the Company's Industrial Relations, Personnel functions and the functions of Human Resources Development. He will work closely with the General Managers and will report to the President.

Preferred age: 35 - 40 years.

5. SENIOR MATERIALS MANAGER

The incumbent will be responsible for commercial functions, including the implementation and control of the Company's material planning and purchase, planning and purchase of subcontracting services and inventory control.

Preferred age: 35 - 40 years.

Please reply within twentyone days with a detailed resume, recent photograph, present and expected remuneration to **the General Manager (Finance) and Company Secretary, Stewarts and Lloyds of India Limited, 41 Chowringhee Road, Calcutta - 700 071.** All envelopes should be sealed and marked Strictly Confidential "S & L - RCRT 91".

MMG



Small Industries Development Bank of India

(Principal financial institution for promotion, financing and development of industries in the small scale sector)
requires:

ECONOMIC ADVISER

This is a senior management position. Job responsibilities include advising top management on economic, industrial and financial policy matters, guiding and undertaking research and providing inputs for formulating plans and strategies for development of small industries. Incumbent should have a background of applied economic research and proficiency in monetary and financial services with a commitment to serve the small scale sector.

ECONOMISTS

Candidates should have a good academic background and research experience. They will be required to undertake research studies and evaluation of on-going programmes for promotion, financing and development of small scale projects apart from helping in formulation of plans and programmes meant for particular target groups or activities.

Applicants with relevant academic background should be in the age group of 40 to 45 years for the post of **Economic Adviser** and 30 to 35 years for the post of **Economist.** Candidates should have a minimum practical experience of 10 years in senior positions in financial institutions/banks or research/management institutes of repute to be considered for the post of **Economic Adviser** and 5 to 7 years for the post of **Economist.** Intending candidates may apply in confidence, within 15 days, superscribing the envelope with the position applied for, to:

The General Manager
Small Industries Development Bank of India
Nariman Bhavan, 227, Vinay K. Shah Marg , Nariman Point
BOMBAY-400 021.

The ideal candidate can expect an attractive compensation package and perks.

Sai



S.N. Srivastava has taken over as chairman of the Automotive Tyre Manufacturers' Association (Atma).



Dilip Piramal has been elected president of the Organisation of Plastics Processors of India for 1991-92.



Kishore Hattangdi has been elected president of the national council of the Public Relations Society of India.



Sudhir S. Patwardhan has been promoted as senior vice-president (manufacturing) of Godrej Soaps.



R. Jagadish Kumar has been elected president of the Bangalore stock exchange for 1991-92.



K.P. Tomy has been promoted as general manager, sales, (south & east region) of Herbertsons.



K.G. Ramanathan has been elected chairman of the Fertilizer Association of India (FAI).



Vijay Mahajan has taken over as chief manager of the Finolex group of companies.



Vinod Kumar Sharma has been promoted as assistant vice-president of Canbank Financial Services.



Anil Kumar Gupta has taken over as regional director of the Oil & Natural Gas Commission (ONGC), western region.

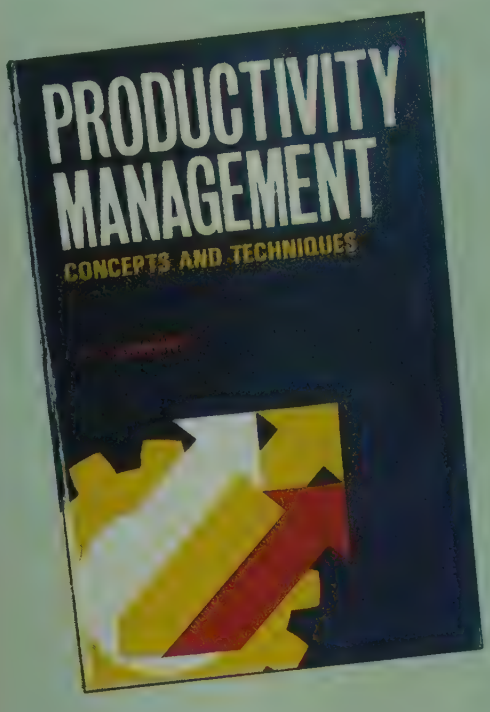


M.H. Shah has been appointed vice-president (corporate legal & secretarial) of Peico Electronics & Electricals.



J. Srinivasan has been appointed executive diretor of Mahindra Nissan Allwyn.

PRODUCTIVE READING



(Tata McGraw-Hill Publishing Co, New Delhi; 1991; pp 275; Rs 150.)

This book aims to serve the need of practising managers to know as well as measure and improve basic concepts related to productivity. It starts with fundamentals and acquaints the reader with various productivity measurement models applicable to commercial organisations. These models range from simple partial productivity measures to complex multifactor models. Sawhney brings out a new concept of measuring productivity called "relative" productivity and describes how it can be used to evaluate different investment proposals.

The author also covers ground on 'performance indices' which according to him are the measures of managerial productivity quite distinct from the usual association of productivity in an organisation. Performance ratios such as inventory turnover ratio or fuel consumption indices covering functional areas in production, marketing etc have been well illustrated.

The reader is familiarised with various methods of recording data like time card, job card, work orders and so on. The derivation of 'standards' from these observed/recorded data is explained and consequent manpower planning from these standards has been elaborated.

The author then dwells on several productivity improvement tools and techniques. These include capacity utilisation, line balancing, group technology, planned and preventive maintenance, material handling, plant layout, facility planning, standardisation and inventory control. There is also an innovative chapter called 'Time Management' which covers among others, familiar techniques such as method study, operation research and Pert (programme evaluation and review technique), which in a way helps in the optimal utilisation of time.

A notable omission, however, seems to be value engineering or value analysis; a tool which I personally consider vitally important for improving material productivity.

One chapter which deserves special mention is that on the awards instituted by the National Productivity Council (NPC). An insight into the methodology adopted by NPC for deciding winners in the field of productivity has been provided. The book concludes with actual case studies drawn from Indian industries illustrating the application of some of the productivity tools. Though the cases are dealt with briefly, the practising manager may find them most useful.

From the above, it is clearly evident that the author has covered a long agenda of productivity precepts and concepts, tools and techniques. Inevitably, he has had to resort to brevity while providing such comprehensive coverage. Even so the book is replete with simple practical examples. As such, it clearly achieves the author's principal objective of providing the practising manager with an understanding of productivity management.

If there may be a fault, it is the heavy dose of mathematical analysis, which a practising manager may find heavy going. This is more so as several other books on productivity (mostly by authors overseas) offer more lucid reading on the subject and are therefore more inviting.

It is an established fact (which the author also concurs with) that productivity performance in the Indian organised sector is quite dismal. However, there seems to be an implicit assumption in Sawhney's book that this is largely because practising managers are not sufficiently aware of existing productivity tools. It needs to be stated therefore that the reasons for low productivity are more complex. There exist significant behavioural and cultural hangups which Indian managers would do well to reflect upon. Also, these impediments can be removed by management actions, rather than solely through the employment of productivity techniques. It is being increasingly recognised that changing the attitudes of people towards the work ethic is perhaps the most important challenge in improving productivity.

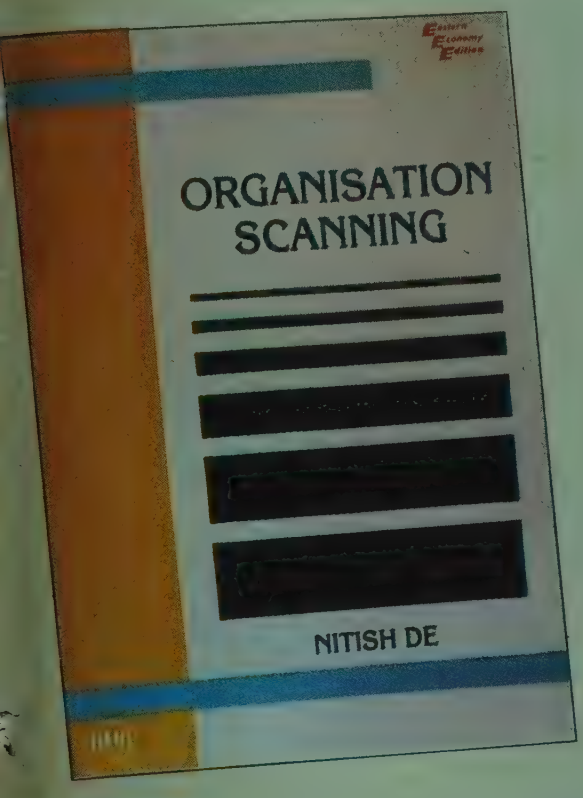
□ S.S. Prasad

Prasad is the managing director of IOL, Calcutta.

SCHOLARLY REVIEW

(By Nitish De; Prentice-Hall of India; 1991; pp 303; Rs 69.)

Much of the published material on organisation scanning uses reductionist logic to focus on a few limited aspects to bring out their significance in management. Organisational complexity seems too mind-boggling to take as a theme without losing analytical rigour. Yet this is precisely what the late Nitish De has attempted in this posthumously published volume. Conceding that the economic fabric of society and the mainspring of motivation in individuals result in roles and organisations, De traces the emergence of organisations through a survey of constructs around motivation. Criticising theories of motivation on grounds of being normative, De presents organisational evidence from research in the behavioural sciences to suggest that organisations hold tested and untested assumptions.



These assumptions shape organisation systems, structures and processes.

The book is heavy going, with references creeping out from almost every paragraph. Its appeal lies in its comprehensive scholarly review of a range of theories. De assigns each theory a place in perspective and has not been shy of suggesting the ultimate receptacle — the dustbin — for quite a few. The range of organisation settings considered is vast. Government organisations, industrial and commercial firms, international agencies — none have been spared the incisive surgeon's knife that De uses with unconcealed mirth.

Common malady. De also presents findings from his own research to suggest that government organisations and international agencies such as Unicef suffer from the common malady of non-implementation of sanctioned projects on a time frame. He questions why the life-cycle of a file cannot be pre-determined in relation to the task when he analyses bureaucratic pathology. Power arising from the possession and control of files is described by De by citing that more than 500 linear kilometres of shelf space is taken up by 4.3 million files piled in the corridors and basements of government offices. His conclusion that public service is not sensitised to the concept of service is neither new nor startling but his explanatory inference that this is the fate of organisations that favour a steady state to change is thought-provoking.

Discussing organisation development, De laments that participative methods through group diagnosis also fail where aspects of organisation culture go unexamined or unaddressed. According to De, a diagnostic exercise for an organisation must be able to map the contours of organisational energy to identify where and how it may lie dormant or untapped. He particularly favours this for service organisations.

The Polaris analogy brings out the challenge of management. For the Polaris submarine to be launched, four major inventions were needed — the nuclear drive, accurate location under water, solid fuel rocket and inertial guidance. De mentions a fifth, the planning scheme that made it possible for millions of parts produced by 11,000 manufacturers to arrive in time and to fit together. That symbolises the challenge of organisation where design must take root and anticipate and cope with challenge.

De's material is rich and absorbing. His recommendation that 'street knowledge' and 'academic knowledge' must blend is critical to the emergence of concepts derived from practice. This well-researched contribution to management is a must for those concerned with organisation, management and change. It is also a fitting tribute to the memory of the prolific Nitish De who has offered us much while he lived and beyond.

□ Ajeet N. Mathur

Mathur is professor of personnel management and industrial relations at IIM-Calcutta.

THE VOICE OF REASON

(Growth Stocks; *By N.J. Yasaswy; Vision Books; 1991; pp 208; Rs 75.)*

I bought a little bunch of shares
Into the Sky
High, high above the price that I
Had paid for them I saw them fly
Up, up they soared in steady rhythmic flight
To my delight
Poised gracefully, they hovered there awhile
Waiting for the day they should further climb
Then came a day at last
When all the economic sky was overcast
My shares just folded up their wings
Poor silly things
And nose-dived, falling, falling
To earth. It was appalling.

The woes of an inexperienced investor on the stockmarket — *Punch*

That should be an alarm signal for those innocents who think the stockmarket is the promised land of fortunes.

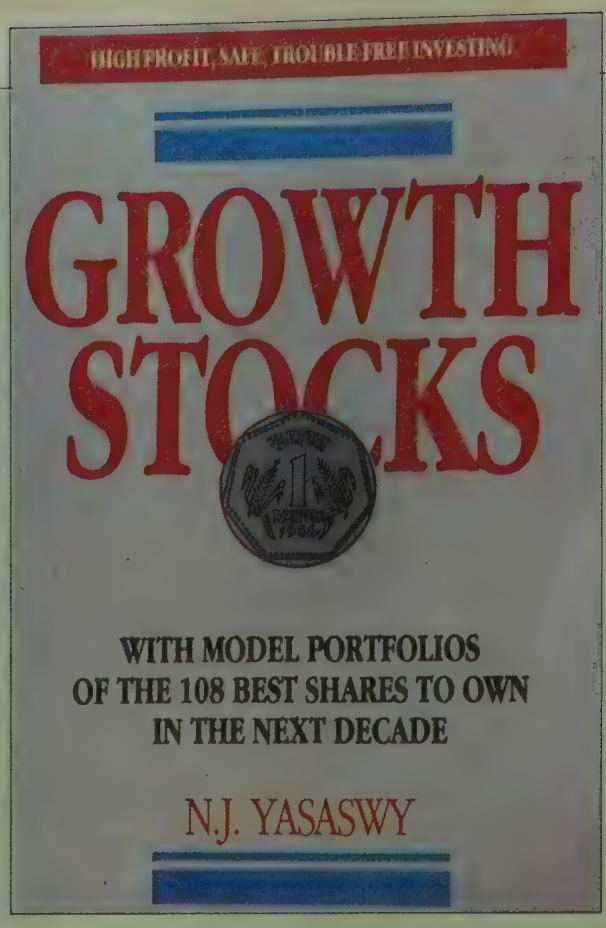
Yasaswy's latest efforts could not have been better timed. *Growth stocks* is a welcome voice of reason in the midst of the bovine rampage that was making a mockery of the Bombay stock exchange (BSE) sensitive index (Sensex) till recently.

Nobody is doubting the criticality of the domestic capital market what with visible efforts aimed at unshackling the Indian tiger. Nobody is also arguing about the inexorable decline of the commercial banking system either. But there is every reason to doubt whether the current euphoria can be sustained.

Yasaswy, in his capacity as the founder-governor of the Institute of Chartered Financial Analysts of India (CFA), is eminently equipped to hold forth on these doubts. In the process, he has conclusively bashed some myths.

The book covers virtually every aspect of investments in stocks and warns adequately against blind decisions. There are illustrative case studies thrown in to reinforce this view.

Yasaswy subscribes forcefully to the Random Walk Theory which does not envisage any predictive model and basically postulates that "the price of a share in the marketplace tends to vary randomly around the intrinsic value of the share." The Reliance "bubble of growth" and its clones — Oswal Agro and Usha Rectifier — come in for a scathing attack.



The focus of the book is really on "growth stocks" which, by the author's definition, are distinct from defensive, cyclical and discount stocks. In effect, growth stocks are high-quality yet low-priced stocks which have the making of tomorrow's blue chips.

The managerial inputs that a prudent investor must look for while evaluating a growth stock include factors like track record, commitment to quality, stature within the industry, product innovation and profitability, competitive advantage, consistent all-round growth and finally, corporate ethics and integrity.

Among financial indicators, Yasaswy focuses on earning per share (EPS), price/earning (P/E) ratio, liquidity and debt-equity ratios, amongst others. The current obsession with cash EPS, somehow, does not merit his attention.

Sharply polarised. Today's market analysts are sharply polarised among the fundamentalists and the technicalists. The former swear by macro-economic factors and corporate performance whereas the latter are ardent believers of a market-driven price structure. The most popular technical theory (Dow Jones) states "that averages discount everything, other than acts of Gods." Yasaswy throws in his lot with the fundamental school and condescends that technical analysis can at best be a means of supplementing fundamental analysis in the pursuit of growth stocks.

Smart exits from the stock-market have to do with prudence. The red flags that need watching, according to the author, are slump in turnover, profit squeeze, asset stagnation, cash crunch, tax burden, unrelated diversification and mismatches owing to mergers and acquisitions. The Indian corporate sector has, hopefully, seen the end of the last two phenomena.

The real meat in this rendering lies in the author's selection of 108 growth stocks. Drawing upon the Markowitz portfolio theory, Yasaswy harps on a diversified portfolio as a continuing hedge against volatility. The chapters on simulated portfolio management and calculation of risks and rewards is particularly educative.

Growth stocks is a must for those who are yet to burn their fingers and also provides a healing touch for those who have.

□ Chiranjit Banerjee

Banerjee is the president of Stewart & Mackertich Investment & Financial Services, Calcutta.

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BusinessWorld Take an all-new look at business.

An individual whose star is riding high these days is Faqir Chand Kohli (69), director-in-charge of Tata Consultancy Services (TCS) — a division of Tata Sons, the hub and centre company of the Tata business empire. And why not? With its sales revenue topping Rs 106 crore in fiscal 1990-91 and the number of offices overseas (in all 6 continents) having risen to 23, the 2,500 professionals-strong TCS is by far and away India's No 1 computer software development and export organisation.

On 18 September, Kohli completed 22 years as the CEO of TCS, an event celebrated with a high-voltage launch of EX ('Everything else is complex,' get it?) trumpeted as India's first idiot-proof accounting software package.



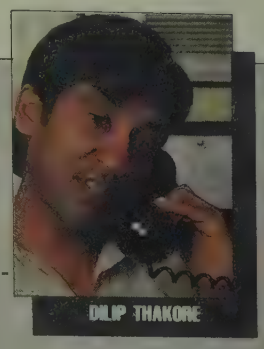
THE KOHLIS: *Pushing productivity*

"Nurturing TCS into an organisation which is a respected name worldwide in a truly-contemporary industry has been a satisfying experience because we have built people and skills for the entire Indian software industry. But though our overseas business has grown more than satisfactorily, our domestic business growth has not been enough. The modernisation process of Indian industry would be greatly helped if the domestic market for computer software expands quickly. In this endeavour the government should take the lead and computerise the operations of its ministries and intensify the use of computers in the planning commission," says Kohli.

An eclectic student, Kohli first acquired an English literature degree from Lahore University. He then went on to acquire a physics and maths degree. When he won a scholarship to Queen's College, Canada, he once again switched subjects and studied electrical engineering topping it all with a postgraduate degree from the top-notch Massachusetts Institute of Technology. While working with General Electric, US, he was spotted by the Tatas and persuaded to return to India in 1951. Then followed a 18-year stint in the Tata Electric Companies. In 1969 when Lalit Kanodia left TCS to start the Datamatics group, Kohli was thrown in at the deep end of TCS. The rest is a saga which deserves to be elaborated in the history of Indian business, if ever it is written.

For the future, Kohli has set his sights on a dramatic increase in corporate productivity — which has been rising by 10% per annum — by 50% from this year on. "We are monitoring technology developments within this fast-change industry closely. And if, by keeping abreast with technological change we can improve our productivity as targeted, I don't see why we can't achieve our targets of domestic business of Rs 100 crore and overseas revenue of $100 million by 1994-95," says Kohli.

Kohli's drive and socially-beneficial ambition is matched by his soft-spoken wife Swarn. A law graduate of Punjab University, she is one of the small-band of pioneers of the nation's consumer movement. A former office-bearer of the Consumer Guidance Society of India, Swarn is currently a trustee of the Ahmedabad-based Consumer Education Research Centre (CERC) and the Bombay-based Consumer Education Research Society apart from being the incumbent president of the Nariman Point and Churchgate Citizens Association — a civic vigilance and advisory organisation.



DILIP THAKORE

The Kohlis live on the Churchgate-Nariman Point boundary with their radiologist son Anirudh (30) and daughter-in-law Malavika, a dermatologist. Two other sons Madhur (37) and Sanjay (34) live and work in the US.

Anil Madhok (45), the cheerfully efficient regional director (west and north) of East India Hotels (sales revenue: Rs 102 crore in fiscal 1990-91) a.k.a. the Oberoi group, has called it quits. Madhok who is widely — and deservedly — given the credit for the transformation of the late entrant Oberoi group into Bombay's largest hotelier (937 room keys cf. the Taj group's 590), has signed a contract to serve as the CEO of the Dubai-based Areej Hotels & Resorts. The company has two 5-star hotels under construction in west Asia and ambitious plans to go international.

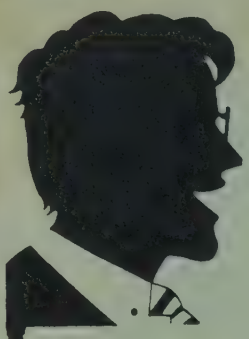
"After a long stint in India, I am looking forward to working in a tax haven to accumulate some savings for my old age," jokes Madhok. "However the terms of my contract permit me to also help in the management of Crest Consultants — an Indian company with 2 full-time consultants and a staff of 8. Crest Consultants is a management — especially hotel management — recruitment and manpower development company. So I will be visiting India to do my bit for this company quite often," says Madhok.

Madhok's career path, which has been topped off (or has it?) by his enviably flexible new contract, provides a remarkable example of the benefits of entering the right industry at the right time. Which requires perception and a clear vision of the future.

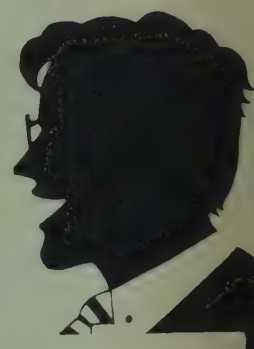
Obviously Madhok had these attributes because way back in 1966 he dropped out of college to enrol in the newly-commissioned Delhi-based Oberoi School of Hotel Management which in those days charged stiff tuition fees. A member of the very first batch of graduates, Madhok began his career in the

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  Yes, when the account is opened in the name of an individual.
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  The provisions of the Wealth-Tax Act will not apply upto the assessment year 1991-92.

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THE MADHOK CLAN: *Shifting base*

hostelry business at the Oberoi Intercontinental, New Delhi. In 1971 he was spotted as being promising enough to be sent to Hawaii to train with Sheraton.

Therefore, in April 1973, when Oberoi-Sheraton Bombay opened for business as the commercial capital's swankiest hostelry, Madhok was present as the manager of the Outrigger — India's first Polynesian cuisine restaurant. Over the next decade Madhok honed his hotel management skills in the Oberois' far-flung empire in Delhi, Colombo and Singapore before being appointed general manager of the newly-nomenclatured Oberoi Towers — Bombay's most expensive hotel.

"The period 1982-86 was very good for business," recalls Madhok. "The destruction of Beirut and the second oil price boom persuaded West Asian tourists to discover Bombay. And we were ready for them — occupancy ratios were well over 80% in those years," he says nostalgically.

That tourist boom prompted the decision to construct the new 300-room Oberoi (known simply as The Oberoi) in the late eighties. Since then, with the slump in tourism and several 5-star hotels springing up near the airport, business hasn't been so good and Madhok is unwilling to cite statistics. "It is now painfully clear that the growth and development of a nation's tourism-related businesses is critically dependent upon political and social stability. That and the development of tourism infrastructure — roads, transport and hotels," says Madhok by way of parting advice.

Moving to Dubai with Madhok are his wife Anju (a former executive secretary in the Oberoi group) and school-going daughters Rahat (17) and Priya (13).

Not only for full-blown hand-in-the-till dictators, but also for democratic governments which are casual about human rights violations Amnesty International is an inconvenient nuisance. And proud to be one.

This London-based watchdog institution has over one million member-subscribers spread over 150 countries, and an international secretariat of 280 employees including 120 research specialists. Amnesty's research specialists are the key players: they monitor and investigate human rights abuses in specific countries continuously and author the damning reports for which Amnesty International has become justly famous — and feared.

"Amnesty is a useful human rights lobbying and pressure organisation. Especially in highlighting the plight of political prisoners and prisoners of conscience, torture and extra-judicial killings all over the world. We also investigate and highlight cases in which the death penalty is judicially imposed. We are in favour of the abolition of the death penalty as a form of punishment," says Jawid Laiq (49) perhaps the first Indian to be employed as a research officer by Amnesty. In mid-October Bombay-bred Laiq was in town *en famille* for a brief holiday.

To a great extent, Laiq's Amnesty assignment is a logical culmination of a career path which began when he acquired a masters degree in politics from Bombay's Elphinstone College in 1965. Three years of postgraduate studies at London's School of African & Oriental Studies (SAOS), during which he studied the Indian communities in Malaysia, Singapore and Sri Lanka, followed.

In 1970, Laiq returned to India to begin a career in political journalism. A 4-year stint as assistant editor of the curiously much admired *Economic & Political Weekly* was followed by sojourns in the *Indian Express* (1975-78), *New Delhi* (1978-80 RIP), and as the Delhi-based correspondent of the Kuwait News Agency (1980-84). In 1987, after two years with the Centre for Policy Research, New Delhi, Laiq received the call from Amnesty where he currently heads a research team monitoring human rights violations in Malaysia, Singapore, Brunei and Vietnam. Earlier he headed a team covering Afghanistan, Australia and North Korea.

"It is undoubtedly very interesting and rewarding work," says Laiq. "But essentially we research and document man's inhumanity to man, which can become quite depressing. I must confess I often miss the excitement of journalism — especially political journalism," he admits.



THE LAIQS: *Missing the excitement of journalism*

A cheerful socialite and unrepentant socialist, Laiq lives in London's Islington area with his charming wife Bharati (a former reporter with the *Indian Express*) and children Noor (13) and Niyaz (7).

The author is the former editor of Business India, BusinessWorld *and* Debonair.

CREDITABLE VENTURE

Credit rating is as yet a nascent business in India. With good reason: rating one's debt issues has never rated very high on the preference scale of the Indian corporate sector.

But with the capital markets maturing, being in the rating business could prove to be a capital idea. With this in mind, the Industrial Finance Corp of India has floated its Investment Information & Credit Rating Agency under former State Bank chief D.N. Ghosh. And, if the grapevine is to be believed, the Industrial Development Bank of India too will step into this territory in tandem with Standard & Poor's (S&P).

That should give pioneer Credit Rating & Information Services of India Ltd (Crisil) the shivers. But rather than being unduly worried about the coming international competition, Crisil has now stepped in style into their territory — the international market, that is. Crisil has tied up with the Rating Agency Malaysia (Ram) to provide it with technical assistance and training for its personnel. In fact, it is a key player in the setting up of Ram.

Crisil has already received tentative enquiries from other emerging capital markets in the Third World. According to Crisil managing director Pradip Shah, his outfit is only the third in this segment; the others are Moody's and S&P. Now that's really creditable.

SMALL IS BEAUTIFUL?

National advertising agencies which set up shop in Bangalore have been going through a rough patch for some time now. More trouble seems to be in store with the big advertisers increasingly preferring the smaller outfits.

In keeping with this trend, Rediffusion's Bangalore chief Rajashri Srinivasan-Raj is putting in her papers to set up her own communications workshop.

There are departures of another kind from Mudra. The BPL-India (audio) account is likely to move to the lesser-known Kamerad News Advertising. Kamerad has already snatched the BPL-India (TV) account from R.K. Swamy and the BPL-India (VCR) account from Everest. It helps, of course, that Kamerad has comrades and more in BPL's top brass.

SPINNING PLANS

While S.K. Modi is still fighting for his viscose staple fibre project, O.P. Lohia is planning to enter the arena with an investment of Rs 400 crore. Thanks to the devaluation of the rupee, however, plans have got slightly derailed and costs may go up substantially. Lohia is reworking his sums but will, nevertheless, go ahead.

Lohia, who has major interests in Indonesia and Thailand, entered the country just 2 years ago with a unit to manufacture synthetic blended yarns. And the Rs 800 crore turnover (including east Asian interests) group is quietly expanding capacity. An export-oriented unit to produce cotton yarn is also on the anvil. Lohia and local flagship Indo-Rama Synthetics are spinning a far more elaborate yarn.

GREENER PASTURES

Hindustan Copper has been rendered abruptly headless by the sudden decision of its unassuming chairman & managing director P. Venkatesan to retire 10 months ahead of schedule. The metallurgical sector was promptly agog with rumours that he had landed a plum job for himself in the private sector. The Ispat group's Mittals were heard of as his prospective employers.

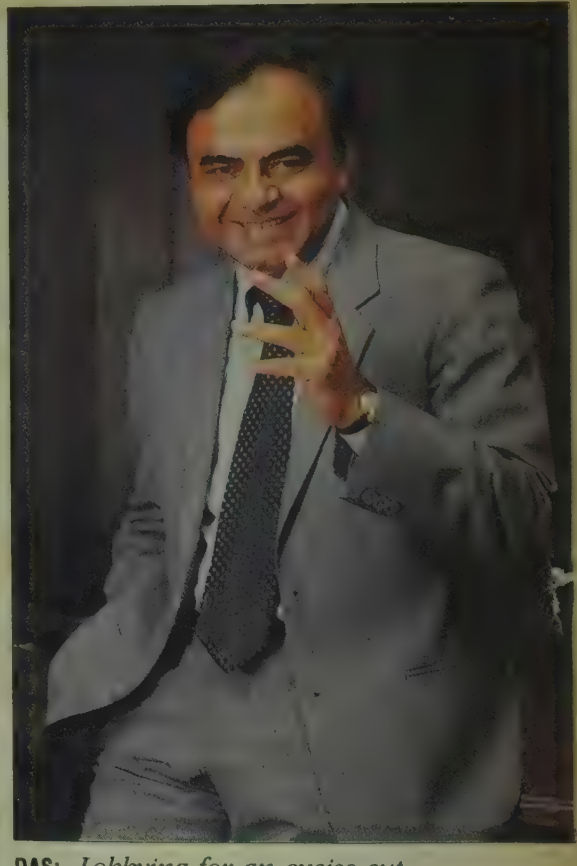
The conjecture has proved to be partly true. Venkatesan, it seems, is indeed headed for the greener pastures of the private sector: he is joining the employment of the London-based Raj Bagri, whose Metdist group has gone places since *BusinessWorld* last wrote about it in 1983. In fact, Bagri is now vice-chairman of the London Metal Exchange (LME) — a rare honour for a member of foreign origin.

According to the proverbial reliable reports, Venkatesan will head a Metdist mining and metals company in southeast Asia. After years in government service, Venkatesan is sure heading for a busy 'retirement.'

P&G'S SHAMPOO SORTIE

After Whisper and Ariel, what is Procter & Gamble (P&G) India up to these days? According to the grapevine, the next foray will be in hair care products.

Curiously, the world-famous P&G brand Head & Shoulders is not the prospective entrant. The more likely candidate is Vidal Sassoon, a brand bought by P&G from London hairdresser Sassoon some years ago.



DAS: *Lobbying for an excise cut*

There is, however, still an inhibiting factor — the high, 100% plus excise on shampoos and the like. P&G chief Gurcharan Das has been meeting key people in New Delhi to put forward his case for a cut in the excise. A gameplan is being worked out and, say informed sources, Sonia Gandhi may be tapped to put in a good word in the proper places. Is that the current version of hardsell?





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